

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	Barry County, Michigan	County	BARRY	Type	COUNTY	MuniCode	080000
Opinion Date	June 27, 2008	Audit Submitted	June 27, 2008	Fiscal Year	12/31/2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$13,191,534"/>
General Fund Expenditure:	<input type="text" value="\$11,564,037"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$2,145,917"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="\$22,257,887"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Stephen W.	Last Name	Blann	Ten Digit License Number				1101024801				
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COUNTY OF BARRY, MICHIGAN



ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2007

COUNTY OF BARRY, MICHIGAN
Annual Financial Report
For the Year Ended December 31, 2007

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

June 27, 2008

The Board of Commissioners
County of Barry, Michigan
Hastings, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Barry, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), the Barry County Transit, or Barry County Substance abuse services. The Barry County Road Commission represents 73% and 77% of the total assets and revenues, respectively, of the discretely presented component units. Thornapple Manor is presented as a major enterprise fund, and is therefore a separate opinion unit. The Barry County Transit represents 10% and 44%, respectively, of the total assets and revenue of the remaining aggregate fund information. Barry County Substance Abuse Services represents 0% and 2% of the total assets and revenues of governmental funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Barry County Road Commission, the Barry County Medical Care Facility, the Barry County Transit, and Barry County Substance Abuse Services, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Barry County Medical Care Facility (Thornapple Manor) were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the County of Barry, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the County of Barry, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Barry, Michigan. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Barry County, we offer readers of Barry County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$43,297,372 (net assets). Of this amount, \$464,153 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,302,062.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,569,784, as decrease of \$9,370,555 in comparison with the prior year. Approximately 99.8 percent of this total amount, or \$18,538,848, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,145,917, or 15.1 percent of total general fund expenditures and transfers out.
- Total bonded debt of the primary government decreased by a net of \$930,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Barry County's financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Barry County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, public safety, public works, health and welfare, recreation and cultural, and community and economic development activities. The business-type activities of the County include delinquent tax administration, operation of a medical care facility, and operation of a transit system.

The government-wide financial statements include not only Barry County itself (known as the *primary government*), but also the legally separate Barry County Road Commission, Drainage Districts, Board of Public Works, Economic Development Board, and Airport Commission, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Barry County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains numerous governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Revenue Sharing Reserve special revenue fund, and the Thornapple Manor Addition Building Authority capital projects funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds. Barry County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Barry County uses enterprise funds to account for its delinquent tax collection and administration, Thornapple Manor medical care facility, and Transit system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The County uses internal service funds to account for its fleet of vehicles, telephone systems, data processing, insurance, and fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Delinquent Tax Umbrella, 2006 Delinquent Tax, and Thornapple Manor funds, all of which are considered to be major funds of Barry County.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 27 and 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 63-137 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Barry County, assets exceeded liabilities by \$43,095,427 at the close of the most recent fiscal year.

A portion of the County's net assets reflects unrestricted net assets which are available for future operation while a significant portion of net assets is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Barry County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 27,800,489	\$ 17,154,109	\$ 13,986,083	\$ 17,424,138	\$ 41,786,572	\$ 34,578,247
Capital assets, net	13,069,946	12,806,128	19,029,613	8,015	32,099,559	12,814,143
Total assets	40,870,435	29,960,237	33,015,696	17,432,153	73,886,131	47,392,390
Liabilities						
Long-term liabilities	22,257,887	12,538,947	1,725,000	7,489,180	23,982,887	20,028,127
Other liabilities	4,728,333	1,169,124	1,877,539	2,683,541	6,605,872	3,852,665
Total liabilities	26,986,220	13,708,071	3,602,539	10,172,721	30,588,759	23,880,792
Net assets						
Invested in capital assets, net of related debt	9,821,499	5,368,858	17,304,613	8,015	27,126,112	5,376,873
Restricted	13,982,107	5,279,766	-	-	13,982,107	5,279,766
Unrestricted	(9,919,391)	5,603,542	12,108,544	7,251,417	2,189,153	12,854,959
Total net assets	\$ 13,884,215	\$ 16,252,166	\$ 29,413,157	\$ 7,259,432	\$ 43,297,372	\$ 23,511,598

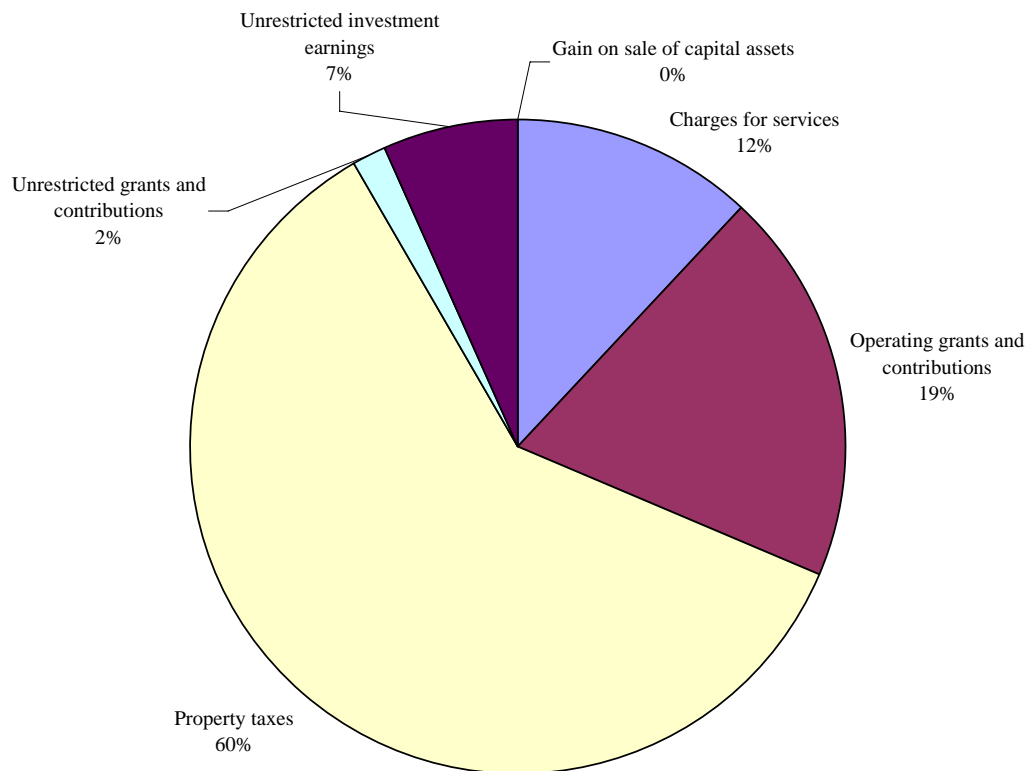
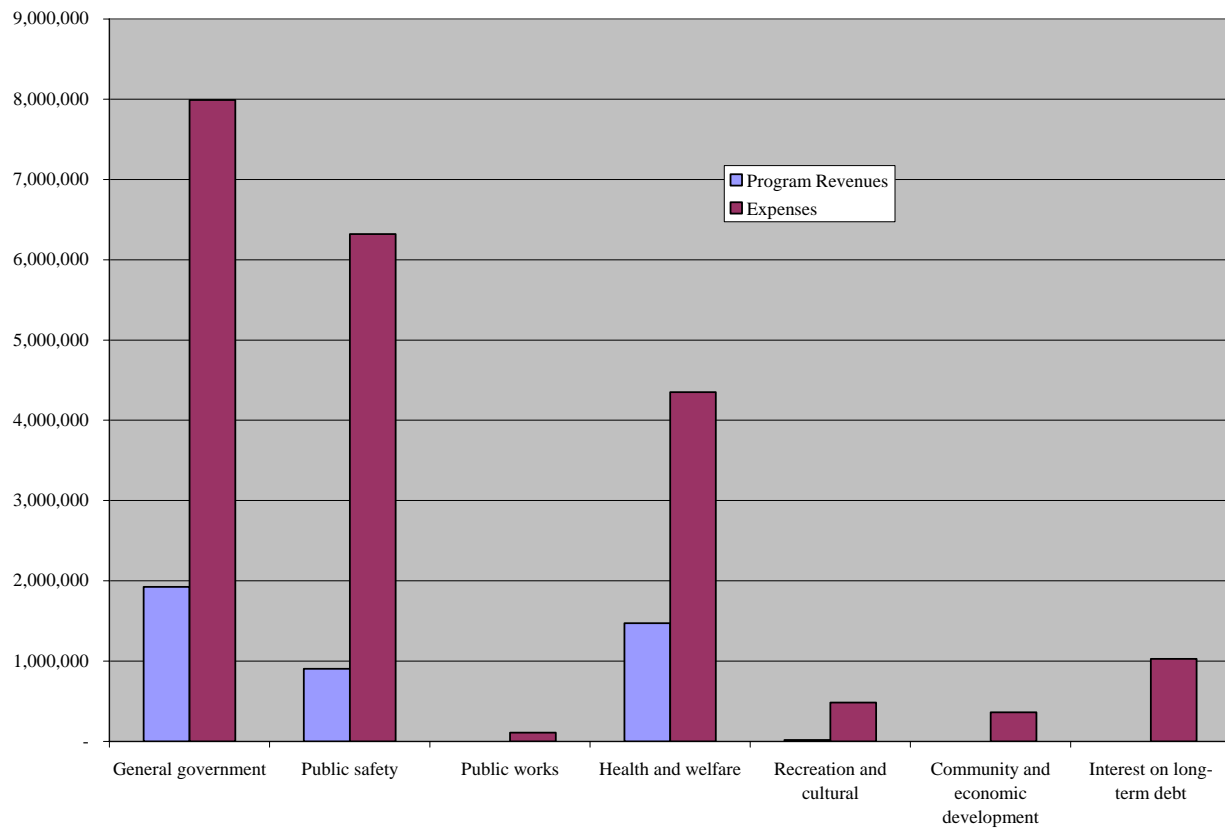
Net assets of the County increased by \$1,302,062. The governmental activities decreased by \$(13,236,306) which is primarily due to the primary government's financing of the Thornapple Manor renovations for which it issued general obligation debt to be repaid over time through a special voted property tax levy. Similarly, the business-type activities increase of \$14,538,368 is primarily due to the transfer of these constructed assets to the Thornapple Manor fund from the governmental activities which hold the debt used to finance such construction.

Barry County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 2,674,210	\$ 5,764,183	\$ 11,557,760	\$ 1,729,671	\$ 14,231,970	\$ 7,493,854
Operating grants and contributions	4,320,969	4,379,809	406,766	-	4,727,735	4,379,809
Capital grants and contributions	-	-	56,837	-	56,837	-
General revenues:						
Property taxes	13,413,561	10,610,154	412,083	(34,268)	13,825,644	10,575,886
Grants and contributions not restricted to specific programs	366,657	323,430	-	-	366,657	323,430
Unrestricted investment earnings	1,482,754	561,975	293,245	275,601	1,775,999	837,576
Total revenues	<u>22,258,151</u>	<u>21,639,551</u>	<u>12,726,691</u>	<u>1,971,004</u>	<u>34,984,842</u>	<u>23,610,555</u>
Expenses						
General government	7,992,410	4,001,688	-	-	7,992,410	4,001,688
Public safety	6,321,244	6,763,822	-	-	6,321,244	6,763,822
Public works	107,595	150,476	-	-	107,595	150,476
Health and welfare	4,350,408	10,337,661	-	-	4,350,408	10,337,661
Recreation and cultural	484,479	265,399	-	-	484,479	265,399
Other governmental activities	363,646	358,887	-	-	363,646	358,887
Interest on long-term debt	1,027,524	397,955	-	-	1,027,524	397,955
Delinquent tax administration	-	-	65,714	854,035	65,714	854,035
Thornapple Manor	-	-	11,907,578	109,258	11,907,578	109,258
Other	-	-	962,182	302,103	962,182	302,103
Total expenses	<u>20,647,306</u>	<u>22,275,888</u>	<u>12,935,474</u>	<u>1,265,396</u>	<u>33,582,780</u>	<u>23,541,284</u>
Change in net assets before transfers	1,610,845	(636,337)	(208,783)	705,608	1,402,062	69,271
Transfers	<u>(14,847,151)</u>	<u>293,707</u>	<u>14,747,151</u>	<u>(293,707)</u>	<u>(100,000)</u>	<u>-</u>
Change in net assets	(13,236,306)	(342,630)	14,538,368	411,901	1,302,062	69,271
Net assets, beginning of year	<u>27,120,521</u>	<u>20,152,408</u>	<u>14,874,789</u>	<u>6,847,531</u>	<u>41,995,310</u>	<u>26,999,939</u>
Net assets, end of year	<u>\$ 13,884,215</u>	<u>\$ 19,809,778</u>	<u>\$ 29,413,157</u>	<u>\$ 7,259,432</u>	<u>\$ 43,297,372</u>	<u>\$ 27,069,210</u>

Governmental activities

During the year, the County invested \$7,992,410 or 38.7% of governmental activities expenses to general government activities. Health and welfare was \$4,350,408 or 21.1% of governmental activities expenses. Public safety expenditures totaled \$6,321,244 or 30.6%. Public works, recreation and cultural, community and economic development, and interest on long-term debt made up the remaining 9.6% of governmental activities expenses.



Business-type activities. Business-type activities increased the County's net assets by \$14,538,368. Key elements of this increase are as follows:

- Contributed capital assets from governmental activities to Thornapple Manor of over \$14 million.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,569,784, a decrease of \$9,370,555, in comparison with the prior year. Approximately 99.8% of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for cemetery perpetual care (\$30,413), or 2) for inventory (\$523).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,145,917. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 15% of total general fund expenditures and transfers out.

The fund balance of the County's general fund was unchanged during the current fiscal year. This is a direct result of a Board resolution to transfer the current year surplus to other funds of the government.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Net assets of the enterprise funds increased \$14,538,368. Key elements of this change have been addressed elsewhere in this analysis.

General Fund Budgetary Highlights

Federal grant revenue was less than budgeted because proceeds from the Child Support Enforcement grant were determined to be more appropriately recorded as revenue of the Friend of the Court special revenue fund. This was the cause of the significant variance between budgeted and actual operating transfers out, because these amounts were historically recorded as revenue of the general fund and then as a transfer out into the Friend of the Court special revenue fund.

The County did not budget for principal and interest expense on the land installment purchase agreement, paid through the general fund, which caused a budget overage in debt service.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounted to \$32,099,559 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included continued construction of the Thornapple Manor (medical care facility) building.

Barry County's Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$2,990,956	\$2,971,496	\$ -	\$ -	\$ 2,990,956	\$ 2,971,496
Construction in progress	39,427	4,832,207	-	567,914	39,427	5,400,121
Land improvements	216,619	217,882	453,417	238,231	670,036	456,113
Buildings and improvements	7,892,386	8,175,737	16,250,024	2,935,201	24,142,410	11,110,938
Machinery and equipment	1,930,558	2,055,606	2,326,172	614,445	4,256,730	2,670,051
Total	<u>\$13,069,946</u>	<u>\$18,252,928</u>	<u>\$19,029,613</u>	<u>\$4,355,791</u>	<u>\$32,099,559</u>	<u>\$22,608,719</u>

Additional information on Barry County's capital assets can be found in Note III.E. on pages 46-49 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$23,982,887. Of this amount, \$22,257,887 was debt of governmental activities and \$1,725,000 was debt of business-type activities.

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Compensated absences	\$ 509,440	\$ 558,877	\$ -	\$ -	\$ 509,440	\$ 558,877
Bonds and notes payable	21,748,447	22,884,120	1,725,000	1,850,000	23,473,447	24,734,120
Total	<u>\$22,257,887</u>	<u>\$23,442,997</u>	<u>\$ 1,725,000</u>	<u>\$ 1,850,000</u>	<u>\$23,982,887</u>	<u>\$25,292,997</u>

Additional information on the County's long-term debt can be found in Note III.F. on pages 49-54 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for 2008:

In order to maintain financial stability over the long term, the budgeting practice in Barry County is to not only adopt a balanced budget as required by law, but to budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy has allowed Barry County to address difficult economic times without resorting to crisis-management. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of county services to be provided.

While property tax revenue growth continues, the county budget process for 2008 was challenged by some significant factors including state and federal revenue sources that have had little or no growth, and in some cases have been reduced. Although revenue estimates were based on the best information available, there is a fair amount of uncertainty especially in the area of state revenues.

Labor contracts with multiple bargaining units expire on December 31, 2008. Health insurance benefits offered to employees in these agreements have become a major budgetary issue for current and future years.

The revenue sharing reserve fund as a replacement for state revenue sharing is expected to last through 2012.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator, 220 W. State St., Hastings, MI, 49058.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BARRY COUNTY, MICHIGAN**Statement of Net Assets****December 31, 2007**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 11,156,627	\$ 8,279,583	\$ 19,436,210	\$ 2,287,380
Investments	11,234,106	1,756,016	12,990,122	202,118
Receivables	5,413,880	2,886,497	8,300,377	9,391,950
Internal balances	(5,749)	5,749	-	-
Inventories	523	-	523	944,068
Prepays and other assets	1,102	78,097	79,199	-
Restricted cash and cash equivalents	-	980,141	980,141	-
Capital assets not being depreciated	3,030,383	-	3,030,383	14,261,571
Capital assets being depreciated, net	10,039,563	19,029,613	29,069,176	11,802,595
Total assets	40,870,435	33,015,696	73,886,131	38,889,682
Liabilities				
Accounts payable and accrued liabilities	875,643	1,877,539	2,753,182	215,021
Unearned revenue	3,852,690	-	3,852,690	-
Long-term liabilities:				
Due within one year	1,059,208	125,000	1,184,208	1,399,163
Due in more than one year	21,198,679	1,600,000	22,798,679	7,113,754
Total liabilities	26,986,220	3,602,539	30,588,759	8,727,938
Net assets				
Invested in capital assets, net of related debt	9,821,499	17,304,613	27,126,112	26,064,166
Restricted for:				
Property tax acceleration	5,030,054	-	5,030,054	-
Health and welfare programs	2,113,535	-	2,113,535	-
Public safety programs	1,486,055	-	1,486,055	-
Public works programs	143,616	-	143,616	-
Recreation and cultural programs	226,743	-	226,743	-
Other state mandated programs	740,272	-	740,272	-
Capital projects	4,211,419	-	4,211,419	-
Cemetery perpetual care:				
Nonexpendable	29,425	-	29,425	-
Expendable	988	-	988	-
Unrestricted (deficit)	(9,919,391)	12,108,544	2,189,153	4,097,578
Total net assets	\$ 13,884,215	\$ 29,413,157	\$ 43,297,372	\$ 30,161,744

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	\$ 7,992,410	\$ 1,908,658	\$ 1,925,691	\$ -	\$ (4,158,061)
Public safety	6,321,244	211,557	905,169	-	(5,204,518)
Public works	107,595	46,089	-	-	(61,506)
Health and welfare	4,350,408	330,674	1,473,899	-	(2,545,835)
Recreation and cultural	484,479	173,255	16,210	-	(295,014)
Community and economic development	363,646	3,977	-	-	(359,669)
Interest on long-term debt	1,027,524	-	-	-	(1,027,524)
Total governmental activities	<u>20,647,306</u>	<u>2,674,210</u>	<u>4,320,969</u>	<u>-</u>	<u>(13,652,127)</u>
Business-type activities:					
Delinquent tax administration	65,714	959,157	-	-	893,443
Thornapple Manor	11,907,578	10,334,228	-	-	(1,573,350)
Other	962,182	264,375	406,766	56,837	(234,204)
Total business-type activities	<u>12,935,474</u>	<u>11,557,760</u>	<u>406,766</u>	<u>56,837</u>	<u>(914,111)</u>
Total primary government	<u>\$ 33,582,780</u>	<u>\$ 14,231,970</u>	<u>\$ 4,727,735</u>	<u>\$ 56,837</u>	<u>\$ (14,566,238)</u>
Component units					
Road Commission	\$ 6,729,170	\$ 31,502	\$ 6,796,164	\$ -	\$ 98,496
Drainage Districts	246,629	173,884	-	-	(72,745)
Board of Public Works	1,999,479	274,204	1,339,355	-	(385,920)
Economic Development Board	90,000	-	85,834	-	(4,166)
Airport Commission	301,421	124,279	44,291	-	(132,851)
Total component units	<u>\$ 9,366,699</u>	<u>\$ 603,869</u>	<u>\$ 8,265,644</u>	<u>\$ -</u>	<u>\$ (497,186)</u>

continued...

BARRY COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2007

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (13,652,127)	\$ (914,111)	\$ (14,566,238)	\$ (497,186)
General revenues:				
Property taxes	13,413,561	412,083	13,825,644	-
Grants and contributions not restricted to specific programs	366,657	-	366,657	27,797
Unrestricted investment earnings	1,482,754	293,245	1,775,999	34,246
Transfers - internal activities	(14,847,151)	14,747,151	(100,000)	-
Total general revenues and transfers	415,821	15,452,479	15,868,300	62,043
Change in net assets	(13,236,306)	14,538,368	1,302,062	(435,143)
Net assets, beginning of year	27,120,521	14,874,789	41,995,310	30,596,887
Net assets, end of year	<u><u>\$ 13,884,215</u></u>	<u><u>\$ 29,413,157</u></u>	<u><u>\$ 43,297,372</u></u>	<u><u>\$ 30,161,744</u></u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

BARRY COUNTY, MICHIGAN

Balance Sheet Governmental Funds December 31, 2007

	General	Revenue Sharing Reserve	Building Authority Thornapple Manor Addition	Nonmajor Governmental Funds	Totals
Assets					
Cash and cash equivalents	\$ -	\$ 3,251,569	\$ 1,249	\$ 6,762,649	\$ 10,015,467
Investments	5,698,926	-	4,730,505	804,675	11,234,106
Receivables:					
Accounts	65,700	-	-	9,210	74,910
Taxes	183,667	-	-	3,412,183	3,595,850
Interest	4,786	-	-	2,161	6,947
Leases	-	-	-	1,004,883	1,004,883
Due from other governments	296,871	-	-	434,419	731,290
Due from other funds	414,244	1,778,485	-	21,913	2,214,642
Inventory	-	-	-	523	523
Total assets	\$ 6,664,194	\$ 5,030,054	\$ 4,731,754	\$ 12,452,616	\$ 28,878,618
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 2,296,766	\$ -	\$ -	\$ 161,161	\$ 2,457,927
Accounts payable	150,515	-	172,560	95,295	418,370
Accrued liabilities	141,904	-	-	79,757	221,661
Due to other funds	1,865,896	-	347,775	76,436	2,290,107
Deferred revenue	63,196	-	-	4,857,573	4,920,769
Total liabilities	4,518,277	-	520,335	5,270,222	10,308,834
Fund balances					
Reserved for inventory	-	-	-	523	523
Reserved for cemetery perpetual care:					
Nonexpendable	-	-	-	29,425	29,425
Expendable	-	-	-	988	988
Unreserved:					
Undesignated	2,145,917	5,030,054	4,211,419	-	11,387,390
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	6,993,229	6,993,229
Debt service funds	-	-	-	158,229	158,229
Total fund balances	2,145,917	5,030,054	4,211,419	7,182,394	18,569,784
Total liabilities and fund balances	\$ 6,664,194	\$ 5,030,054	\$ 4,731,754	\$ 12,452,616	\$ 28,878,618

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds	\$ 18,569,784
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	3,030,383
Add: capital assets being depreciated, net	9,696,397

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.

Add: deferred leases receivable	1,004,883
Add: other long-term receivables	63,196

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	3,989,606
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and leases payable	(21,748,447)
Subtract: compensated absences	(509,440)
Subtract: accrued interest on long-term liabilities	(212,147)

Net assets of governmental activities	<u><u>\$ 13,884,215</u></u>
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The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Revenue Sharing Reserve	Building Authority Thornapple Manor Addition	Nonmajor Governmental Funds	Totals
Revenue					
Taxes	\$ 9,608,400	\$ -	\$ -	\$ 3,805,161	\$ 13,413,561
Intergovernmental	1,063,690	-	-	3,439,054	4,502,744
Licenses and permits	143,992	-	-	-	143,992
Charges for services	1,614,203	-	-	717,788	2,331,991
Fines and forfeits	21,842	-	-	24,820	46,662
Interest and rentals	627,456	154,744	513,012	127,818	1,423,030
Other revenue	111,951	-	-	128,875	240,826
Total revenue	13,191,534	154,744	513,012	8,243,516	22,102,806
Expenditures					
Current:					
General government	5,409,373	-	-	1,378,057	6,787,430
Public safety	4,196,485	-	-	1,888,840	6,085,325
Public works	538	-	-	104,865	105,403
Health and welfare	1,046,277	-	-	2,772,473	3,818,750
Community and economic development	356,809	-	-	-	356,809
Recreation and cultural	-	-	-	474,607	474,607
Other	357,580	-	-	-	357,580
Debt service:					
Principal	26,105	-	-	1,109,568	1,135,673
Interest expense	13,058	-	-	1,094,232	1,107,290
Capital outlay	157,812	-	314,116	248,726	720,654
Total expenditures	11,564,037	-	314,116	9,071,368	20,949,521
Revenue over (under) expenditures	1,627,497	154,744	198,896	(827,852)	1,153,285
Other financing sources (uses)					
Transfers in	1,048,338	-	-	2,067,121	3,115,459
Transfers out	(2,675,835)	(1,047,754)	(9,914,944)	(766)	(13,639,299)
Total other financing sources (uses)	(1,627,497)	(1,047,754)	(9,914,944)	2,066,355	(10,523,840)
Net change in fund balances	-	(893,010)	(9,716,048)	1,238,503	(9,370,555)
Fund balances, beginning of year	2,145,917	5,923,064	13,927,467	5,943,891	27,940,339
Fund balances, end of year	\$ 2,145,917	\$ 5,030,054	\$ 4,211,419	\$ 7,182,394	\$ 18,569,784

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$ (9,370,555)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	377,611
Subtract: transfer of construction in progress to enterprise funds	(4,832,207)
Subtract: depreciation expense	(721,134)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	1,135,673
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: change in lease receivable	(240,900)
Add: change in other long-term receivables	63,196
Add: change in accrued interest on bonds	79,766
Add: change in the accrual of compensated absences	49,437

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:

Add: interest revenue from governmental internal service funds	92,149
Add: transfers into internal service funds	508,896
Subtract: net operating loss from governmental activities accounted for in internal service funds	(378,238)

Change in net assets of governmental activities	<u><u>\$ (13,236,306)</u></u>
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The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Taxes				
Real and personal property taxes	\$ 11,821,451	\$ 9,225,390	\$ 9,599,723	\$ 374,333
Other taxes	11,031	11,031	8,677	(2,354)
Total taxes	11,832,482	9,236,421	9,608,400	371,979
Intergovernmental				
Federal grants	794,967	728,642	185,755	(542,887)
State grants	863,758	885,642	842,635	(43,007)
Contributions from local governments	-	35,300	35,300	-
Total intergovernmental	1,658,725	1,649,584	1,063,690	(585,894)
Licenses and permits				
Gun permits	6,500	4,200	4,446	246
Dog licenses	90,500	87,500	87,636	136
Marriage license fees	8,200	8,200	8,360	160
Planning services	53,900	43,000	43,550	550
Total licenses and permits	159,100	142,900	143,992	1,092
Charges for services				
Circuit Court	642,690	139,690	143,731	4,041
District Court	77,500	550,500	564,537	14,037
Friend of the Court	45,000	43,000	42,188	(812)
Probate Court	25,000	30,000	34,454	4,454
County Treasurer	1,160	2,560	2,943	383
County Clerk	72,565	75,465	77,555	2,090
Register of Deeds	270,100	218,700	215,364	(3,336)
Real estate transfer tax	225,000	216,000	216,518	518
Mapping department	7,500	3,700	3,977	277
Juvenile Court	20,140	27,140	29,093	1,953
Sheriff Department	87,700	95,200	142,403	47,203
Record copying	77,100	77,100	81,607	4,507
Pay phone commissions	18,000	18,000	17,383	(617)
Other	19,250	32,250	42,450	10,200
Total charges for services	1,588,705	1,529,305	1,614,203	84,898
Fines and forfeits				
Bond forfeitures	14,000	6,000	6,010	10
Ordinance fines and costs	15,000	15,000	15,832	832
Total fines and forfeits	29,000	21,000	21,842	842
Interest and rentals				
Interest revenue	150,000	526,400	595,231	68,831
Rentals	59,760	23,253	32,225	8,972
Total interest and rentals	209,760	549,653	627,456	77,803

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue (continued)				
Other revenue				
Reimbursements and refunds	\$ 33,250	\$ 111,650	\$ 110,960	\$ (690)
Other	1,500	1,500	991	(509)
Total other revenue	34,750	113,150	111,951	(1,199)
Total revenue	15,512,522	13,242,013	13,191,534	(50,479)
Expenditures				
General government				
Board of commissioners	231,386	231,386	212,855	(18,531)
Trial court	1,514,951	1,517,850	1,410,454	(107,396)
Jury board	3,675	3,675	1,747	(1,928)
Probate court	736,615	740,015	706,437	(33,578)
Adult probation	13,080	13,080	10,948	(2,132)
County administrator	260,113	260,013	257,367	(2,646)
Elections	39,550	62,550	55,740	(6,810)
Legal counsel	60,000	60,000	30,665	(29,335)
Clerk	452,399	452,399	395,742	(56,657)
Equalization	206,851	211,649	212,458	809
Prosecuting attorney	722,784	718,784	608,321	(110,463)
Register of deeds	178,762	185,847	174,879	(10,968)
Land information services	266,762	269,183	254,736	(14,447)
Treasurer	244,248	244,248	200,576	(43,672)
Cooperative extension	139,209	141,450	139,386	(2,064)
Courthouse and grounds	477,057	477,057	419,424	(57,633)
Drain commissioner	131,184	133,052	128,971	(4,081)
Other	211,680	194,650	188,667	(5,983)
Total general government	5,890,306	5,916,888	5,409,373	(507,515)
Public safety				
Sheriff	2,204,823	2,208,835	2,162,890	(45,945)
Secondary Road Patrol	115,885	120,405	114,688	(5,717)
Highway safety grant	12,000	12,000	11,540	(460)
Marine safety	99,636	105,636	101,283	(4,353)
Emergency services	75,356	140,769	129,547	(11,222)
Jail	1,474,387	1,523,392	1,463,452	(59,940)
Animal control	237,000	240,541	213,085	(27,456)
Total public safety	4,219,087	4,351,578	4,196,485	(155,093)
Public works				
Department of Public Works	2,584	2,584	538	(2,046)

continued...

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures (continued)				
Health and welfare				
District health department	\$ 430,579	\$ 427,648	\$ 427,648	\$ -
Health department building	102,633	102,633	91,197	(11,436)
Soldiers' and sailors' relief	12,000	42,000	41,811	(189)
Medical examiner	95,050	108,313	107,957	(356)
Substance abuse	72,471	173,685	73,685	(100,000)
Veterans' counselor	28,488	36,436	35,017	(1,419)
Veterans' burials	41,966	31,966	27,759	(4,207)
Mental health	154,500	241,204	241,203	(1)
Total health and welfare	937,687	1,163,885	1,046,277	(117,608)
Community and economic development				
Appropriation to Economic Development Board	60,000	85,834	85,834	-
Appropriation to Airport Commission	22,600	22,600	22,010	(590)
Planning and zoning	273,326	273,326	248,965	(24,361)
Total planning and zoning	355,926	381,760	356,809	(24,951)
Other				
Insurance and bonds	505,013	362,580	357,580	(5,000)
Debt service				
Principal	-	-	26,105	26,105
Interest expense	-	-	13,058	13,058
Total debt service	-	-	39,163	39,163
Capital outlay	38,824	172,351	157,812	(14,539)
Total expenditures	11,949,427	12,351,626	11,564,037	(787,589)
Revenue over expenditures	3,563,095	890,387	1,627,497	737,110
Other financing sources (uses)				
Transfers in	1,150,370	1,047,754	1,048,338	584
Transfers out	(4,713,465)	(1,938,141)	(2,675,835)	(737,694)
Total other financing (uses)	(3,563,095)	(890,387)	(1,627,497)	(737,110)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	2,145,917	2,145,917	2,145,917	-
Fund balance, end of year	\$ 2,145,917	\$ 2,145,917	2,145,917	\$ -

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Taxes	\$ 2,788,855	\$ -	\$ -	\$ -
Interest	-	-	154,744	154,744
Total revenue	2,788,855	-	154,744	154,744
Other financing sources (uses)				
Transfers out	(1,010,370)	(1,047,754)	(1,047,754)	-
Net change in fund balance	1,778,485	(1,047,754)	(893,010)	154,744
Fund balances, beginning of year	5,923,064	5,923,064	5,923,064	-
Fund balances end of year	\$ 7,701,549	\$ 4,875,310	\$ 5,030,054	\$ 154,744

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

December 31, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2006	Thornapple Manor	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,541,721	\$ 84,999	\$ 3,513,910	\$ 1,138,953	\$ 8,279,583	\$ 3,636,262
Investments	1,756,016	-	-	-	1,756,016	-
Receivables:						
Accounts	-	-	772,065	9,838	781,903	-
Taxes	16,955	1,660,072	-	384,118	2,061,145	-
Interest	340	-	-	-	340	-
Due from other governments	-	-	-	43,109	43,109	-
Due from other funds	1,300,000	-	347,775	-	1,647,775	80,016
Prepays and other assets	-	-	78,097	-	78,097	1,102
Total current assets	6,615,032	1,745,071	4,711,847	1,576,018	14,647,968	3,717,380
Noncurrent assets:						
Restricted cash and cash equivalents	980,141	-	-	-	980,141	-
Capital assets being depreciated, net	-	-	18,471,762	557,851	19,029,613	343,166
Total noncurrent assets	980,141	-	18,471,762	557,851	20,009,754	343,166
Total assets	7,595,173	1,745,071	23,183,609	2,133,869	34,657,722	4,060,546
Liabilities						
Current liabilities:						
Negative equity in pooled cash and cash equivalents	-	-	-	-	-	37,175
Accounts payable	3,322	-	1,234,867	8,673	1,246,862	22,908
Accrued liabilities	-	-	614,882	15,795	630,677	557
Due to other funds	140,081	1,290,000	-	211,945	1,642,026	10,300
Current portion of long-term debt	-	-	125,000	-	125,000	-
Total current liabilities	143,403	1,290,000	1,974,749	236,413	3,644,565	70,940
Long-term liabilities:						
Long-term debt, net of current portion	-	-	1,600,000	-	1,600,000	-
Total liabilities	143,403	1,290,000	3,574,749	236,413	5,244,565	70,940
Net assets						
Invested in capital assets, net of related debt	-	-	16,746,762	557,851	17,304,613	343,166
Unrestricted	7,451,770	455,071	2,862,098	1,339,605	12,108,544	3,646,440
Total net assets	\$ 7,451,770	\$ 455,071	\$19,608,860	\$ 1,897,456	\$29,413,157	\$ 3,989,606

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2006	Thornapple Manor	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Charges for services	\$ 4,917	\$ 179,659	\$ 10,334,228	\$ 513,379	\$ 11,032,183	\$ 3,300,183
Interest and penalties on delinquent taxes	11,518	266,127	-	247,932	525,577	-
Other	-	-	-	-	-	8,057
Total operating revenues	16,435	445,786	10,334,228	761,311	11,557,760	3,308,240
Operating expenses						
Operations	-	2,202	11,346,385	860,639	12,209,226	3,580,243
Depreciation	-	-	307,999	147,400	455,399	105,497
Other	3,278	-	-	14,377	17,655	738
Total operating expenses	3,278	2,202	11,654,384	1,022,416	12,682,280	3,686,478
Operating income (loss)	13,157	443,584	(1,320,156)	(261,105)	(1,124,520)	(378,238)
Non-operating revenues (expenses)						
Taxes	-	-	-	412,083	412,083	-
Intergovernmental	-	-	-	460,916	460,916	-
Interest revenue	253,666	10,116	-	32,150	295,932	92,149
Other non-operating expense	-	-	(253,194)	-	(253,194)	-
Total non-operating revenue (expenses)	253,666	10,116	(253,194)	905,149	915,737	92,149
Income (loss) before transfers	266,823	453,700	(1,573,350)	644,044	(208,783)	(286,089)
Transfers in (out)						
Transfers in	470,417	-	14,747,151	-	15,217,568	508,896
Transfers out	-	-	-	(470,417)	(470,417)	-
Total transfers	470,417	-	14,747,151	(470,417)	14,747,151	508,896
Net income (loss)	737,240	453,700	13,173,801	173,627	14,538,368	222,807
Net assets, beginning of year	6,714,530	1,371	6,435,059	1,723,829	14,874,789	3,766,799
Net assets, end of year	\$ 7,451,770	\$ 455,071	\$ 19,608,860	\$ 1,897,456	\$ 29,413,157	\$ 3,989,606

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2006	Thornapple Manor	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	\$ 5,823	\$ 445,786	\$ 10,578,047	\$ 1,763,385	\$ 12,793,041	\$ -
Cash received from interfund services	-	-	-	-	-	3,308,240
Cash payments to suppliers for goods and services	(1,182)	(2,202)	(11,098,852)	(510,804)	(11,613,040)	(46,052)
Cash payments to employees for services	-	-	-	(370,047)	(370,047)	(3,477,516)
Cash payments to purchase delinquent taxes	-	(1,681,100)	-	-	(1,681,100)	-
Net cash provided by (used in) operating activities	4,641	(1,237,516)	(520,805)	882,534	(871,146)	(215,328)
Cash flows from non-capital financing activities						
Transfers in	470,417	-	14,747,151	-	15,217,568	508,896
Transfers (out)	-	-	-	(470,417)	(470,417)	-
Contributions	-	-	35,070	-	35,070	-
Taxes	-	-	-	412,083	412,083	-
Intergovernmental revenue	-	-	-	399,690	399,690	-
Long-term advances to other funds	(1,290,000)	-	-	-	(1,290,000)	-
Long-term advances from other funds	-	1,290,000	-	-	1,290,000	-
Payments on long-term advances to other funds	1,173,000	-	-	-	1,173,000	-
Payments on long-term advances from other funds	-	-	-	(1,173,000)	(1,173,000)	-
Net cash provided by (used in) non-capital financing activities	353,417	1,290,000	14,782,221	(831,644)	15,593,994	508,896
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	-	(125,000)	-	(125,000)	-
Interest payments on long-term debt	-	-	(104,788)	-	(104,788)	-
Intergovernmental capital grants	-	-	-	51,637	51,637	-
Proceeds from sale of capital assets	-	-	-	(58,561)	(58,561)	-
Purchases of capital assets	-	-	(15,146,512)	-	(15,146,512)	(98,244)
Net cash used in capital and related financing activities	-	-	(15,376,300)	(6,924)	(15,383,224)	(98,244)
Cash flows from investing activities						
Maturity of investments	100,274	-	-	-	100,274	1,120,172
Resident trust withdrawals	-	-	(2,199)	-	(2,199)	-
Interest income	253,666	10,116	203,000	32,150	498,932	92,149
Net cash provided by investing activities	353,940	10,116	200,801	32,150	597,007	1,212,321
Net increase (decrease) in cash and cash equivalents	711,998	62,600	(914,083)	76,116	(63,369)	1,407,645
Cash and cash equivalents, beginning of year	2,829,723	22,399	4,427,993	1,062,837	8,342,952	2,228,617
Cash and cash equivalents, end of year	\$ 3,541,721	\$ 84,999	\$ 3,513,910	\$ 1,138,953	\$ 8,279,583	\$ 3,636,262

continued...

BARRY COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds (Concluded)
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2006	Thornapple Manor	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Operating income (loss)	\$ 13,157	\$ 443,584	\$ (1,320,156)	\$ (261,105)	\$ (1,124,520)	\$ (378,238)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	307,999	147,400	455,399	105,497
Provision for bad debts	-	-	19,826	-	17,655	-
(Increase) decrease in:						
Accounts receivable	-	-	223,993	(189)	-	-
Taxes receivable	(12,645)	(1,681,100)	-	800,318	(893,427)	-
Interest receivable	2,033			-		
Prepays and other assets	-	-	4,662	-	-	-
Negative equity in cash and cash equivalents	-	-	-	-	-	37,175
Accounts payable	2,096	-	195,744	(838)	197,002	19,873
Accrued expenses	-	-	47,127	(4,997)	42,130	365
Due to other funds	-	-	-	201,945	201,945	-
Net cash provided by (used in) operating activities	\$ 4,641	\$ (1,237,516)	\$ (520,805)	\$ 882,534	\$ (871,146)	\$ (215,328)

Non-cash transactions

There were no non-cash transactions during the fiscal year.

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Agency Funds	Private Purpose Trust Funds
Assets		
Cash and cash equivalents	\$ 734,409	\$ 21,423
Accounts receivable	-	6,974
Due from other governments	11	-
	<hr/>	<hr/>
Total assets	<u><u>\$ 734,420</u></u>	<u><u>28,397</u></u>
Liabilities		
Negative equity in pooled cash and cash equivalents	\$ -	100
Accounts payable	132,095	-
Due to other governments	204,975	-
Undistributed receipts	397,350	-
	<hr/>	<hr/>
Total liabilities	<u><u>\$ 734,420</u></u>	<u><u>100</u></u>
Net assets		
Held in trust for private purposes		<u><u>\$ 28,297</u></u>

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended December 31, 2007

Additions

Intergovernmental	\$ 55,872
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Deductions

Services to beneficiaries	<u>50,658</u>
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Change in net assets	5,214
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Net assets, beginning of year	<u>23,083</u>
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Net assets, end of year	<u><u>\$ 28,297</u></u>
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The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2007

	Road Commission	Drainage Districts	Board of Public Works	Economic Development Board	Airport Commission	Total
Assets						
Cash and cash equivalents	\$ 2,037,782	\$ 113,462	\$ 122,335	\$ 29,708	\$ -	\$ 2,303,287
Investments	-	56,064	146,054	-	-	202,118
Receivables	1,096,213	206,802	8,088,275	-	660	9,391,950
Inventories	929,604	-	-	-	14,464	944,068
Capital assets not being depreciated	14,261,571	-	-	-	-	14,261,571
Capital assets being depreciated, net	9,916,077	1,285,739	-	-	600,779	11,802,595
Total assets	28,241,247	1,662,067	8,356,664	29,708	615,903	38,905,589
Liabilities						
Negative equity in pooled cash and cash equivalents	-	811	-	-	15,096	15,907
Accounts payable and accrued liabilities	126,509	7,501	50,581	29,708	722	215,021
Long-term liabilities:						
Due within one year	-	198,554	1,190,000	-	10,609	1,399,163
Due in more than one year	251,296	109,329	6,718,281	-	34,848	7,113,754
Total liabilities	377,805	316,195	7,958,862	29,708	61,275	8,743,845
Net assets						
Invested in capital assets, net of related debt	24,177,648	1,285,739	-	-	600,779	26,064,166
Unrestricted (deficit)	3,685,794	60,133	397,802	-	(46,151)	4,097,578
Total net assets	\$ 27,863,442	\$ 1,345,872	\$ 397,802	\$ -	\$ 554,628	\$30,161,744

The accompanying notes are an integral part of these financial statements.

BARRY COUNTY, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2007

	Road Commission	Drainage Districts	Board of Public Works	Economic Development Board	Airport Commission	Total
Expenses						
Road Commission	\$ 6,729,170	\$ -	\$ -	\$ -	\$ -	\$ 6,729,170
Economic Development Board	-	-	-	90,000	-	90,000
Airport Commission	-	-	-	-	301,421	301,421
Board of Public Works	-	-	1,999,479	-	-	1,999,479
Drainage Districts	-	246,629	-	-	-	246,629
Total expenses	6,729,170	246,629	1,999,479	90,000	301,421	9,366,699
Program revenues						
Charges for services	31,502	173,884	274,204	-	124,279	603,869
Operating grants and contributions	6,796,164	-	1,339,355	85,834	44,291	8,265,644
Total program revenues	6,827,666	173,884	1,613,559	85,834	168,570	8,869,513
Net expense (revenues)	98,496	(72,745)	(385,920)	(4,166)	(132,851)	(497,186)
General revenues						
Unrestricted investment earnings	-	5,158	29,088	-	-	34,246
Other revenue	27,797	-	-	-	-	27,797
Total general revenues	27,797	5,158	29,088	-	-	62,043
Change in net assets	126,293	(67,587)	(356,832)	(4,166)	(132,851)	(435,143)
Net assets, beginning of year	27,737,149	1,413,459	754,634	4,166	687,479	30,596,887
Net assets, end of year	\$ 27,863,442	\$ 1,345,872	\$ 397,802	\$ -	\$ 554,628	\$ 30,161,744

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF BARRY, MICHIGAN

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BARRY COUNTY, MICHIGAN

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Barry County, Michigan (the “County” or “government”) was organized in 1839 and covers an area of approximately 576 square miles. The County operates under an eight-member elected Board of Commissioners.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The Barry County Substance Abuse Services (Substance Abuse Special Revenue Fund) and Barry County Transit (Transit Enterprise Fund) activities are reported on the fiscal year-end of September 30, 2007.

Blended Component Units:

The Barry County Department of Human Services is governed by a three-member board, two of which are appointed by the County Board of Commissioners. The Board is responsible for establishing policies and the operational oversight of the local administration of the State of Michigan Social Welfare program and the long-term care Medical Care Facility. Although the employees of the Barry County Department of Human Services are employed by the State of Michigan and substantially all programs are financed by the State, State law requires the local activities to be “blended” with the local primary government.

The Building Authority is governed by a three-member board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County’s public buildings. It is reported as an Enterprise Fund and has a December 31 year-end. A separate report is not prepared for the Building Authority.

The financial statements of the Barry County Transit (the “Transit”) are presented for the year ended September 30, 2007 and the financial statements of the Thornapple Manor Medical Care Facility (Thornapple Manor Fund), component units of Barry County, are included in these financial statements as blended component units for the year ended December 31, 2007. These component units are also audited individually. Complete financial statements are issued under separate cover and may be obtained from their respective administrative offices. The Barry County Transit received federal and state financial assistance in the form of operating and capital grant funding for operating support, marketing expansion, and offering specialized services. The Transit provides demand response services within Barry County as well as special services on a contractual basis to several nonprofit and governmental agencies within the County.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

The Thornapple Manor Medical Care Facility is a 138-bed, long-term medical care unit owned and operated by Barry County. It is governed by the Barry County Department of Human Services Board. This Board consists of three members, two of which are appointed by the Barry County Board of Commissioners.

Barry County Substances Abuse Services is governed by an eight-member Board of Directors, of which two members are County Commissioners and six members are from the community at large. Funding for the Barry County Substance Abuse Service comes from a contract with Kalamazoo Human Service Department, which is charged with funding and overseeing services in Barry, Branch, Kalamazoo, and St. Joseph counties.

Discretely Presented Component Units:

Barry County Road Commission (the “Road Commission”) – The Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission’s operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments within the County. The three-member Board is appointed by the Barry County Board of Commissioners. The component unit is audited individually and complete financial statements may be obtained from the Road Commission’s administrative office.

Barry County Economic Development Board (the “Board”) – The Board is appointed by the County Board of Commissioners. The Board may not issue debt or levy a tax without the approval of the County Board of Commissioners. If a millage rate is approved, the taxes would be levied under the taxing authority of the County.

Barry County Board of Public Works (“the BPW”) – The BPW is governed by a five-member Board comprised of the Drain Commissioner and four member appointed by the County Board of Commissioners. The BPW establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

Barry County Drain Commission (the “Drain Commission”) – All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No. 14, and accordingly is disclosed as a component unit.

The Airport Commission (the “Airport”) – The Airport is classified as a joint venture with another governmental unit. The details relating to this joint venture agreement are disclosed below.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Joint Ventures

The County participates in the following activities which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and fiscal responsibility.

Airport Commission – The County is a member of the Airport Commission, which is a joint venture that was formed by an agreement in 1977 between the Hasting City Council and the Barry County Board of Commissioners. The Commission consists of five members, two appointed by the Barry County Board of Commissioners, two appointed by the Hastings City Council, and one member at-large appointed by the Commission itself. The Commission is responsible for acquisition of constructing, operating, and maintaining the airport facilities. Ownership of the property is vested in the joint venture. It may not issue debt without approval from the City and County. The agreement requires that each governmental unit provide 50% of the net budget appropriation requirements and that financial recordkeeping be maintained by the County.

Barry/Eaton District Health Department – The County is a member of the Barry/Eaton Health Department (the “Department”), which is a joint venture between Barry and Eaton Counties. Both Counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Eaton County and Barry County to provide 65% and 35%, respectively. In addition, the treasury function for the Department rests with the Eaton County Treasurer. The operations of the Department are presented as a discretely presented component unit of Eaton County.

Jointly Governed Organizations

The County participates in the following activity which is considered to be a jointly governed organization in relation to the County, due to their being no ongoing financial interest or responsibility.

Region III Area Agency on Aging – Barry County, in conjunction with Calhoun County, has entered into an agreement, which created the Region III B Area Agency on Aging (the “Agency”) that provides comprehensive services to older individuals residing in those counties. Operating revenues are derived from federal, state, and local governments as well as fees for services. The Agency is governed by a seven-member Board appointed by the Board of Commissioners of the two counties it services. A copy of the Agency’s audit can be obtained at its administrative office.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, State revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The *building authority Thornapple Manor addition fund* is a capital projects fund that was established to account for the issuance of bonds and construction of improvements at Thornapple Manor.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

The *delinquent tax umbrella fund* accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties and interest.

The *2006 delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in year 2006.

The *Thornapple Manor fund* accounts for the activities of the Thornapple Manor Medical Care Facility, a 138-bed long-term medical care unit owned and operated by Barry County. Revenues are generated by charges for services and a County appropriation.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds.

Capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services (such as equipment rentals and self-insurance) to other departments or agencies of the government, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Private purpose trust funds are used to present activity of arrangements under which the principal and income benefit individuals, private organizations, or other governments.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted net assets are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial papers, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Restricted cash and cash equivalents are limited as to use by the Barry County Department of Human Services Board for future capital purchases at Thornapple Manor.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

2. *Receivables and payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Leases receivable consist of amounts collectible from the Drain Commission and Kellogg Community College for which the County has irrevocably pledged its full faith and credit as collateral for certain construction and improvement bonds. In accordance with contractual agreements, these entities will provide all future amounts due for bond principal and accrued interest payable. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations.

3. *Inventories and Prepaids*

Inventories in the Airport Commission consist of fuel and are valued at cost, primarily determined by the first-in, first-out (FIFO) method. Inventories of the Road Commission are priced at cost as determined on the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital assets*

Primary Government and Component Units (excluding Thornapple Manor and Road Commission)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	7-50
Land improvements	5-25
Machinery, equipment, and vehicles	2-25
Drain infrastructure	50

Road Commission – Discretely Presented Component Unit

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Barry County Road Commission on an individual basis. The dollar threshold depends on the category of the asset, but the asset must have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation. The amount reported for infrastructure includes assets acquired or constructed since 1980.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Road equipment	5-8
Shop equipment	7-10
Engineering equipment	4-10
Office equipment	4-10
Infrastructure - roads	8-30
Infrastructure - bridges	12-50

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Thornapple Manor – Blended Component Unit

All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	5-25
Building and improvements	10-40
Equipment	5-25

5. *Compensated absences*

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements.

6. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

8. *Advances to other funds/component units*

Long-term advances from certain funds to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reserved for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

9. *Interfund transactions*

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the activity level in the general fund and at the functional level for the special revenue funds.

All departments and budgetary centers of the county are required to submit budget requests to the County Administrator prior to August 1. The Administrator then develops and presents a proposed budget to the Board for review. The Board holds public hearings and a final budget is approved prior to December 31, the close of the county's fiscal year. The budgets are legally adopted at the activity, functional, and account level for the general fund and the fund level for special revenue funds. The Administrator is authorized to transfer budget amounts between accounts without Board approval. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval.

B. Deficit fund equity

At December 31, 2007 the County reported deficit unrestricted fund balance of \$15,124 in the Airport Commission. At September 30, 2007 Substance Abuse Services reported deficit fund balance and net assets of \$24,822 and \$42,602, respectively. The negative balance in unrestricted net assets of governmental activities is the direct result of the County Building Authority issuing bonds to finance the construction of Thornapple Manor. The capital assets are reported under business-type activities, while the related debt is reported as governmental activities, inasmuch as the bonds are being serviced over time through ad valorem taxes levied on all taxable property in the County.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

C. Excess of expenditures over budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on an activity level basis in the General Fund, and at the functional level for other governmental funds, which is the legal level of control.

Expenditures in the combining and individual fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended December 31, 2007 the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Budget Variance</u>
General fund:			
General government – equalization	\$ 211,649	\$ 212,458	\$ 809
Debt service	-	39,163	39,163
Transfers out	1,938,141	2,675,835	737,694
Remonumentation special revenue fund:			
General government	91,116	109,157	18,041
Central dispatch special revenue fund:			
Debt service	-	309,658	309,658
Commission on aging special revenue fund:			
Capital outlay	14,500	24,803	10,303
Drug law enforcement special revenue fund:			
Public safety	22,000	29,028	7,028
CDBG housing special revenue fund:			
Health and welfare	232,000	241,991	9,991
Diverted felons special revenue fund:			
Capital outlay	-	19,428	19,428

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The County utilizes various pooled cash accounts and investments consisting of a common checking account and mutual funds. The County's pooled cash accounts and investments are utilized by the general fund, special revenue funds, debt service funds, capital projects funds, internal service funds, trust and agency funds, and the component units. All other funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, and U.S. government securities are held separately by several of the County's funds.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Following is a reconciliation of deposit and investment balances as of December 31, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash on hand	\$ 7,375	\$ 500	\$ 7,875
Carrying amount of checking and savings accounts	11,032,217	2,488,998	13,521,215
Carrying amount of certificates of deposit – All due within one year	830,904	-	830,904
Carrying amount of investments	<u>21,535,977</u>	<u>-</u>	<u>21,535,977</u>
Total	<u>\$ 33,406,473</u>	<u>\$ 2,489,498</u>	<u>\$ 35,895,971</u>
Statement of net assets			
Cash and cash equivalents	\$ 19,436,210	\$ 2,287,380	\$ 21,723,590
Restricted cash and cash equivalents	980,141	-	980,141
Investments	<u>12,990,122</u>	<u>202,118</u>	<u>13,192,240</u>
	33,406,473	2,489,498	35,895,971
Statement of fiduciary net assets – fiduciary funds			
Cash and cash equivalents	<u>755,732</u>	<u>-</u>	<u>755,732</u>
Total	<u>\$ 34,162,205</u>	<u>\$ 2,489,498</u>	<u>\$ 36,651,703</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$14,245,220 of the County's bank balance of \$15,517,193 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. Following is a summary of the County's investments as of December 31, 2007:

U.S. agencies	\$ 11,718,779
Money market funds	<u>9,817,198</u>
	<u>\$ 21,535,977</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the government's name. In accordance with the County's investment policy, all investment are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, are summarized as follows:

Unrated	\$ 7,931,364
S&P AAA	11,018,779
S&P SP-1+	700,000
S&P AAA-V1	<u>1,885,834</u>
	<u><u>\$ 21,535,977</u></u>

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments held at year-end are summarized as follows:

No maturity	\$ 10,357,835
Less than one year	1,687,036
1 - 5 years	3,145,354
6 - 10 years	2,159,142
11 - 15 years	1,267,569
16 - 20 years	2,001,753
21 - 24 years	544,918
25 - 30 years	<u>372,370</u>
	<u><u>\$ 21,535,977</u></u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

B. Receivables

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Taxes (current)	\$ 3,595,850	\$ -	\$ -
Taxes (delinquent)	-	2,061,142	-
Interest	6,947	340	-
Accounts	74,910	781,903	318,664
Due from other governments	731,290	43,109	797,709
Special assessments	-	-	316,715
Leases	1,004,883	-	7,958,862
	\$ 5,413,880	\$ 2,886,497	\$ 9,391,950

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental activities were as follows:

	Unavailable	Unearned	Total
Governmental Funds:			
Property taxes receivable	\$ -	\$ 3,852,690	\$ 3,852,690
Leases receivable	1,004,883	-	1,004,883
Other	63,196	-	63,196
	\$ 1,068,079	\$ 3,852,690	\$ 4,920,769

C. Accounts payable and accrued liabilities

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 441,278	\$ 1,246,862	\$ 80,038
Accrued liabilities	222,218	630,677	76,207
Accrued interest on long-term debt	212,147	-	58,776
	\$ 875,643	\$ 1,877,539	\$ 215,021

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

D. Interfund receivables and payables

The composition of interfund balances as of December 31, 2007, was as follows:

Due to and from primary government funds

	<u>Due from fund</u>	<u>Due to fund</u>
General fund	\$ 414,244	\$ 1,865,896
Revenue sharing reserve	1,778,485	-
Building authority	-	347,775
Nonmajor governmental funds	21,913	76,436
Internal service funds	80,016	10,300
Delinquent tax umbrella fund	1,300,000	140,081
2006 delinquent tax fund	-	1,290,000
Thornapple Manor fund	347,775	-
Nonmajor enterprise funds	<u>-</u>	<u>211,945</u>
	<u>\$ 3,942,433</u>	<u>\$ 3,942,433</u>

Due to and from drainage district funds

	<u>Due from fund</u>	<u>Due to fund</u>
Algonquin Lake Dam Project	\$ 102,682	\$ -
Regular Drain	<u>-</u>	<u>102,682</u>
	<u>\$ 102,682</u>	<u>\$ 102,682</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended December 31, 2007, interfund transfers consisted of the following:

Transfers Out	General Fund	Nonmajor Governmental Funds	Delinquent Tax Umbrella	Thornapple Manor	Internal Service Funds	Timing Difference Between Funds with Different Year-ends	Total
General Fund	\$ -	\$ 2,066,939	\$ -	\$ -	\$ 508,896	\$ 100,000	\$ 2,675,835
Revenue Sharing Reserve Fund	1,047,754	-	-	-	-	-	1,047,754
Building Authority	-	-	-	9,914,944	-	-	9,914,944
Nonmajor Governmental Funds	584	182	-	-	-	-	766
Nonmajor Enterprise Funds	-	-	470,417	-	-	-	470,417
Governmental activities	-	-	-	4,832,207	-	-	4,832,207
Total	<u>\$ 1,048,338</u>	<u>\$ 2,067,121</u>	<u>\$ 470,417</u>	<u>\$14,747,151</u>	<u>\$ 508,896</u>	<u>\$ 100,000</u>	<u>\$18,941,923</u>

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital assets

Capital asset activity for the primary government for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,971,496	\$ 19,460	\$ -	\$ 2,990,956
Construction in Progress	4,832,207	39,427	(4,832,207)	39,427
Total capital assets not being depreciated	<u>7,803,703</u>	<u>58,887</u>	<u>(4,832,207)</u>	<u>3,030,383</u>
Capital assets being depreciated:				
Land Improvements	649,800	20,981	-	670,781
Buildings	12,275,373	13,690	(44,300)	12,244,763
Equipment	4,620,352	382,298	(141,658)	4,860,992
Total capital assets being depreciated	<u>17,545,525</u>	<u>416,969</u>	<u>(185,958)</u>	<u>17,776,536</u>
Less accumulated depreciation for:				
Land Improvements	431,918	22,244	-	454,162
Buildings	4,099,636	297,041	(44,300)	4,352,377
Equipment	2,564,746	507,346	(141,658)	2,930,434
Total accumulated depreciation	<u>7,096,300</u>	<u>826,631</u>	<u>(185,958)</u>	<u>7,736,973</u>
Total capital assets being depreciated, net	<u>10,449,225</u>	<u>(409,662)</u>	<u>-</u>	<u>10,039,563</u>
Capital assets, net	<u>\$ 18,252,928</u>	<u>\$ (350,775)</u>	<u>\$ (4,832,207)</u>	<u>\$ 13,069,946</u>

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Construction in Progress	\$ 567,914	\$ 501,348	\$(1,069,262)	\$ -
Capital assets being depreciated:				
Land Improvements	357,789	239,148	(14,109)	582,828
Buildings	6,175,439	13,757,716	(1,489,531)	18,443,624
Vehicles	1,107,732	51,890	-	1,159,622
Equipment	1,261,361	1,886,329	(181,238)	2,966,452
Shop Equipment	31,377	-	-	31,377
Total capital assets being depreciated	8,933,698	15,935,083	(1,684,878)	23,183,903
Less accumulated depreciation for:				
Land Improvements	119,558	17,999	(8,146)	129,411
Buildings	3,240,238	208,440	(1,255,078)	2,193,600
Vehicles	787,060	105,717	-	892,777
Equipment	967,831	123,157	(183,706)	907,282
Shop Equipment	31,134	86	-	31,220
Total accumulated depreciation	5,145,821	455,399	(1,446,930)	4,154,290
Total capital assets being depreciated, net	3,787,877	15,479,684	(237,948)	19,029,613
Capital assets, net	\$ 4,355,791	\$ 15,981,032	\$(1,307,210)	\$ 19,029,613

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function:	
General government	\$ 448,341
Public safety	133,223
Health and welfare	139,570
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	105,497
	\$ 826,631
Depreciation of business-type activities by function:	
Thornapple Manor	307,999
Transit	147,400
	\$ 455,399

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital assets activity for the component units for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Units				
Road Commission				
Capital assets not being depreciated:				
Land	\$ 85,433	\$ -	\$ -	\$ 85,433
Land improvements	13,658,284	452,650	-	14,110,934
Right-of-ways	65,204	-	-	65,204
Total capital assets not being depreciated	13,808,921	452,650	-	14,261,571
Capital assets being depreciated:				
Land improvements	214,808	-	-	214,808
Building	740,948	-	-	740,948
Road equipment	7,008,477	226,074	(113,114)	7,121,437
Shop equipment	117,825	-	(2,305)	115,520
Office equipment	93,389	11,841	(20,671)	84,559
Engineering equipment	127,911	-	(10,573)	117,338
Yard and storage equipment	103,147	-	-	103,147
Pit depletion	557,997	6,054	-	564,051
Infrastructure - bridges	2,642,648	22,228	-	2,664,876
Infrastructure - roads	12,701,372	733,244	(1,314,301)	12,120,315
Total capital assets being depreciated	24,308,522	999,441	(1,460,964)	23,846,999
Less accumulated depreciation for:				
Land improvements	(62,370)	(10,741)	-	(73,111)
Building	(502,139)	(13,849)	-	(515,988)
Road equipment	(6,126,775)	(355,135)	113,098	(6,368,812)
Shop equipment	(115,502)	(791)	2,305	(113,988)
Office equipment	(78,854)	(7,731)	20,656	(65,929)
Engineering equipment	(91,475)	(13,036)	10,573	(93,938)
Yard and storage equipment	(103,147)	-	-	(103,147)
Pit depletion	(140,172)	(1,143)	-	(141,315)
Infrastructure - bridges	(845,460)	(62,372)	-	(907,832)
Infrastructure - roads	(5,963,576)	(897,587)	1,314,301	(5,546,862)
Total accumulated depreciated	(14,029,470)	(1,362,385)	1,460,933	(13,930,922)
Total capital assets being depreciated, net	10,279,052	(362,944)	(31)	9,916,077
Capital assets, net	\$ 24,087,973	\$ 89,706	\$ (31)	\$ 24,177,648

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Component Units (continued)				
Drainage Districts				
Capital assets, being depreciated:				
Drain infrastructure	\$ 2,020,037	\$ 15,600	\$ -	\$ 2,035,637
Less accumulated depreciation for:				
Drain infrastructure	(713,812)	(36,086)	-	(749,898)
Capital assets, net	<u>\$ 1,306,225</u>	<u>\$ (20,486)</u>	<u>\$ -</u>	<u>\$ 1,285,739</u>
Airport Commission				
Capital assets, being depreciated:				
Land improvements	\$ 2,345,903	\$ -	\$ -	\$ 2,345,903
Buildings	238,800	-	-	238,800
Equipment	47,500	-	-	47,500
Total capital assets being depreciated	<u>2,632,203</u>	<u>-</u>	<u>-</u>	<u>2,632,203</u>
Less accumulated depreciation for:				
Land improvements	(1,727,609)	(116,755)		(1,844,364)
Buildings	(135,880)	(3,680)		(139,560)
Equipment	(45,357)	(2,143)	-	(47,500)
Total accumulated depreciation	<u>(1,908,846)</u>	<u>(122,578)</u>	<u>-</u>	<u>(2,031,424)</u>
Capital assets, net	<u>\$ 723,357</u>	<u>\$ (122,578)</u>	<u>\$ -</u>	<u>\$ 600,779</u>

F. Long-term debt

General Obligation Bonds. The government issues general obligation bonds to provide funds to construct major capital facilities and refund previously issued bonds. Such bonds are generally repaid from voter-approved property tax levies, interfund transfers and contributions from local municipalities. The County has pledged its full faith and credit for payment on the general obligation bonds. Also, under the terms of certain bond agreements, local units have pledged their full faith and credit to pay the County each year such amounts

General obligation bonds of business-type activities are offset by capital leases receivable from the local units of government for which the bonds were issued in the County's name. The terms of these capital leases, which relate to infrastructure constructed by the County on behalf of the local units, match the debt maturity requirements of the related bonds.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Long-term debt activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 22,240,000	\$ -	\$ 805,000	\$ 21,435,000	\$ 880,000
Capital leases	644,120	-	330,673	313,447	35,171
Subtotal	22,884,120	-	1,135,673	21,748,447	915,171
Compensated absences	558,877	79,881	129,318	509,440	144,037
Total governmental activities	\$ 23,442,997	\$ 79,881	\$ 1,264,991	\$ 22,257,887	\$ 1,059,208
Business-type activities					
General obligation bonds	\$ 1,850,000	\$ -	\$ 125,000	\$ 1,725,000	\$ 125,000
Component units					
Road commission					
Lease purchase agreements	\$ 51,724	\$ -	\$ 51,724	\$ -	\$ -
Compensated absences	259,369	251,296	259,369	251,296	-
Total road commission	\$ 311,093	\$ 251,296	\$ 311,093	\$ 251,296	\$ -
Drainage Districts					
Drain notes and other debt	\$ 42,216	\$ 300,550	\$ 34,883	\$ 307,883	\$ 198,554
Board of Public Works					
Water and sewer bonds	\$ 8,095,807	\$ 882,474	\$ 1,070,000	\$ 7,908,281	\$ 1,190,000
Airport Commission					
Loan payable	\$ 55,599	\$ -	\$ 10,142	\$ 45,457	\$ 10,609

Significant details regarding outstanding long-term debt are presented below:

Primary government

The Barry County Board of Commissioners is party to long-term lease agreements for rental of the Medical Care Facility Buildings, Courts and Law Building, and the Kellogg Community College Building from the Barry County Building Authority. The lease agreements stipulate that annual rentals will be paid by the County to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired on these buildings, the rentals will cease, title to the buildings will be transferred to the county, or local government where applicable.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Bonds and loans payable at December 31, 2007 for governmental activities are as follows:

\$1,860,000 Building Authority Court and Law Building Refunding Bonds, Series 2003, dated October 15, 2003, due in annual installments ranging from \$190,000 to \$245,000 through June 1, 2012, with interest ranging from 2.25 to 3.60%, payable semi-annually.	\$ 1,125,000
\$1,935,000 Building Authority Kellogg Community College Refunding Bonds, Series 2003, dated October 1, 2003, due in annual installments ranging from \$235,000 to \$265,000 through November 1, 2011, with interest ranging from 2.25 to 3.375%, payable semi-annually.	1,000,000
\$950,000 Building Authority Bonds, Series 2002, dated July 25, 2002, due in annual installments ranging from \$25,000 to \$75,000 through July 1, 2021, with interest ranging from 4.90 to 5.85%, payable semi-annually.	810,000
\$18,850,000 Building Authority – Medical Care Facility Bonds, dated August 1, 2006, due in annual installments ranging from \$350,000 to \$1,750,000 through April 1, 2025, with interest ranging from 4.25 to 4.50%, payable semi-annually.	<u>18,500,000</u>
Total general obligation debt – governmental activities	<u>\$ 21,435,000</u>

Prior Year Advance Refunding. In 2003, the County refunded certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The advance refunding resulted in a defeasance of the bonds. As a result of this advance refunding, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At December 31, 2007, \$1,240,000 and \$1,300,000 of Building Authority bonds are considered defeased.

Capital leases for governmental activities are as follows:

Barry County Substance Abuse has entered into a lease purchase agreement to finance the acquisition of office furniture and equipment. The cost of the office furniture and equipment amounted to \$55,857. The noninterest bearing capital lease has been recorded at the present value of future minimum lease payments as of the date of their inception.	\$ 21,152
The County has entered into an installment purchase agreement to finance the acquisition of real estate. The original amount of the agreement was \$318,400 and is payable in monthly installments of \$3,263.55, including interest at 4.26%	<u>292,295</u>
Total capital leases – governmental activities	<u>\$ 313,447</u>

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

For the governmental activities, compensated absences are generally liquidated by the general fund.

General obligation bonds for business-type activities are as follows:

\$2,395,000 Building Authority – Medical Care Facility Bonds, dated September 1, 1994, due in annual installments ranging from \$125,000 to \$225,000 through July 1, 2017, with interest ranging from 5.4 to 6.0%, payable semi-annually. \$ 1,725,000

Component Units

Drainage Districts

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes and amounts owed to other governmental units. These projects, except for the Collier-Mud Creek project, which is administered by Eaton County, are administered by the Barry County Drain Commission for various local drainage districts. The drain obligations were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Notes payable and amounts owed to other governmental units at December 31, 2007 per respective drain projects serviced from the debt service funds of the Drainage Districts are as follows:

Drain Notes

\$11,000 Coats Grove Drain note dated October 25, 2006, due in annual installments of \$3,667 through June 1, 2009, with interest at 4.35%, payable annually. \$ 7,333

\$39,500 Mallison Branch Drain special assessment note for which Barry County is liable for 30% (principal amount of \$11,850) and Ionia County is liable for the remaining 70%. The note is due in annual installments of \$7,900 (for which Barry County pays \$2,300), including interest at 4.87%, payable annually through June 1, 2012 11,850

\$86,000 Upper Crooked Lake Level distract note dated October 1, 2007, due in annual installments of \$28,667 through June 1, 2010, with interest at 4.46%, payable upon maturity. 86,000

\$125,000 Delton Village drain note dated May 1, 2007, due in one annual installment of \$125,000 on June 1, 2008, with interest at 4.35% payable upon maturity. 125,000

\$77,700 Jordon Lake special assessment district note dated June 19, 2007, due in annual installments of \$38,850 through June 1, 2009, with interest payable at 4.29% per annum. 77,700

Total notes payable – Drainage Districts \$ 307,883

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Board of Public Works

The County through the Board of Public Works has constructed a water tower for Yankee Springs Township and sewage disposal systems for Thornapple and Barry Townships, Gun Lake Sewer Authority, and Southwest Barry Sewer Authority. The County is leasing them to the local municipalities, who are operating, maintaining, and managing the systems. General obligation bonds were sold with the full faith and credit of the local municipalities, and the County pledge to the payment pursuant to Act 185, Public Acts of Michigan 1957, as amended. The principal and interest on bonds outstanding are to be paid out of money received from the local municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the respective bond issues, ownership of the assets will revert to the local municipalities.

Bonds payable at December 31, 2007, per respective constructive projects serviced from the debt service funds of the Board of Public Works are as follows:

\$4,665,000 Southwest Barry County Sewage Disposal System Refunding Bonds dated May 1, 2004, due in annual installments ranging from \$750,000 to \$850,000 through November 1, 2010, with interest ranging from 2.35 to 3.80%, payable semi-annually.	\$ 2,450,000
\$1,870,000 Middleville Sanitary Sewer System Refunding Bonds dated October 15, 2003, due in annual installments ranging from \$170,000 to \$220,000 through November 1, 2014, with interest ranging from 2.25 to 3.80%, payable semi-annually.	1,345,000
\$1,110,000 Barry Township-Fair Lake Sewage Disposal System Extension Bonds dated August 1, 1998 due in annual installments of \$60,000 to \$65,000 through May 1, 2017 with interest of 4.45 to 4.90%, payable semi-annually.	645,000
\$1,125,000 Middleville Sanitary Sewer System Bonds dated February 1, 1999, due in annual installments ranging from \$50,000 to \$75,000 through October 1, 2018, with interest ranging from 4.15 to 4.80%, payable semi-annually.	750,000
\$650,000 Water Supply System Bonds dated June 26, 2003, due in annual installments ranging from \$25,000 to \$40,000 through October 1, 2024, with interest at 2.5%, payable semi-annually.	568,281
\$1,040,000 Water Supply System Bonds Series A dated August 23, 2006, due in annual installments ranging from \$40,000 to \$65,000 through April 1, 2027, with interest at 2.125%, payable semi-annually.	1,040,000
\$205,000 Water Supply System Bonds Series B dated August 23, 2006, due in annual installments ranging from \$10,000 to \$15,000 through October 1, 2026, with interest at 2.125%, payable semi-annually.	195,000

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

\$465,000 Fawn Lake Extension note, dated July 25, 2006, due in annual installments ranging from \$20,000 to \$25,000 through April 1, 2026, with interest ranging from 4.125 to 4.0%, payable semi-annually. \$ 465,000

\$450,000 Yankee Springs arsenic removal bonds, dated March 29, 2007, payable in annual installments ranging from \$20,000 to \$25,000 through October 1, 2026, with interest at 2.125%, payable semi-annually. 450,000

Total bonds payable – Board of Public Works **\$7,908,281**

Prior Year Advance Refunding. In 2004, the Board of Public Works refunded certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The advance refunding resulted in a defeasance of the bonds. As a result of this advance refunding, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At December 31, 2007, \$3,300,000 of Board of Public Works bonds are considered defeased.

Airport

The Airport component unit, a joint venture between Barry County and the City of Hastings, is party to a long-term loan agreement. The proceeds of the loan were used to construct airplane taxi streets and an access road.

\$100,000 Airport installment loan payable dated August 20, 2002, due in annual installments ranging from \$10,142 to \$12,143 with interest at 4.6%, payable annually through August 2011. **\$ 45,457**

Annual debt service requirements to maturity for long-term debt (excluding compensated absences payable), are as follows:

Years Ending December 31	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 915,171	\$ 927,688	\$ 125,000	\$ 101,350	\$ 1,399,163	\$ 243,360
2009	1,046,354	895,782	150,000	94,350	1,309,650	200,359
2010	1,104,945	854,328	150,000	85,800	1,312,644	158,746
2011	1,190,945	470,533	150,000	77,175	459,513	129,855
2012	1,022,289	761,575	175,000	68,475	472,370	113,944
2013-2017	4,618,743	3,222,968	975,000	182,650	1,780,000	336,753
2018-2022	6,800,000	1,952,974	-	-	830,000	127,096
2023-2027	5,050,000	347,625	-	-	698,281	39,162
Total	<u>\$ 21,748,447</u>	<u>\$ 9,433,473</u>	<u>\$ 1,725,000</u>	<u>\$ 609,800</u>	<u>\$ 8,261,621</u>	<u>\$ 1,349,275</u>

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

IV. OTHER INFORMATION

A. Risk management

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured for health, workers' compensation, and disability. Each participating fund of the County makes payments to the respective self-insurance internal service fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

As a benefit to its employees, Barry County has contracted with Blue Cross Blue Shield of Michigan for its prescription drug and medical benefits program. BCBSM provides claims administration for the prescription drug and medical benefits and stop-loss insurance protection for the medical benefits.

The employees pay a fixed copay per prescription and Barry County pays the Blue Cross Blue Shield negotiated discounted balance. Barry County is also responsible to pay for the first \$50,000 of eligible medical claims per policy year per covered contract. The County is insured for covered medical claims in excess of \$50,000, per contract per policy year, not to exceed the policy limits of \$5 million per member per lifetime, at which time Barry County has fulfilled its obligation to the employee (contract holder).

The County is completely self-insured for disability benefits. The plan covers all employees except employees at the Mental Health and Medical Care facilities. The Disability Benefits Plan provides benefits of 67% of current wages, for a period not to exceed 52 weeks. Benefits commence on the eighth day after a disabling injury or illness. The program is administered by PBS, which furnishes claims review and processing.

The County is self-insured for workers' compensation up to \$325,000 for each loss up to an aggregate amount of \$1,000,000. The County is insured for the amount of claims in excess of such limitation to a maximum of \$5,000,000 for each occurrence. The County is then self-insured for annual aggregated claims in excess of insurance coverage. The program is administered by a service agency that furnishes claims review and processing.

The County is a voluntary member of the Michigan Municipal Risk Management (MMRMA). The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Barry County incurs loss in excess of the resources available, the Authority as a whole (i.e. all constituent municipalities) is liable for the excess. In the event that the Pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific Pool's policy year may be subject to special assessments to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal stop loss fund. The stop loss fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$178,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$178,000 net of reinsurance recoveries are paid entirely from the internal stop loss fund. If at any time the stop loss fund is insufficient to fund Barry County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

At December 31, 2007, the County has funds on deposit of \$229,274 with the Authority and reserves for reported claims of \$11,887.

Thornapple Manor Blended Component Unit

Thornapple Manor is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries' (workers' compensation), as well as medical benefits provided to employees.

Thornapple Manor, as part of the County, participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to general and automobile liability (including medical malpractice), automobile physical damage and property loss claims. The MMRMA program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Thornapple Manor is insured for workers' compensation claims via a policy with a commercial carrier.

Thornapple Manor is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims as of December 31, 2007.

Thornapple Manor, as part of the County, is self-insured for employee medical benefit claims. Thornapple Manor estimates the liability (included in accounts payable) for employee medical benefit claims incurred through the end of the year, including both those claims that have been reported, as well as those that have not yet been reported.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the estimated claims liability are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	1,099,324	846,643
Claim payments	<u>(1,099,324)</u>	<u>(846,643)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Road Commission Component Unit

The Barry County Road Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982. The Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission also has self-insurance for workers' compensation as a member of the County Road Association Self-Insurance Fund. The Road Commission's employee medical benefits insurance is purchased through a commercial carrier. At December 31, 2007, there were no claims that exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

B. Property taxes

Heretofore, County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2005, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2007, the County levied the entire operating millage on July 1. In each year hereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

C. Contingent liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

D. Employee retirement systems and plans

Primary Government

Plan description

The primary government's full-time employees are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. The plan is currently closed to all employees who are currently offered participation in the defined contribution plan instead.

Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding policy

The County is required to contribute at an actuarially determined rate; the current rate for the County is 5.29% to 39.01% of annual covered payroll depending on the employee group. Participating employees are required to contribute -% to 5.33% of their annual salary depending on their assigned department. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

For the year ended December 31, 2007, the annual pension cost of \$1,679,165 was equal to the required and actual contributions of the County. Member contributions for the same period totaled \$167,881. The required contributions were determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a range between 22-28 years, depending on the employee group, as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2006.

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 1,473,403	100%	-
2006	1,499,340	100	-
2007	1,679,165	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date 12/31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
2004	\$ 22,817,148	\$ 33,226,393	\$ 10,409,245	69%	11,851,341	88%
2005	24,516,645	35,111,319	10,594,674	70	12,327,804	86
2006	26,855,177	37,797,384	10,942,207	71	13,218,976	83

Road Commission Discretely Presented Component Unit

The Barry County Board of Road Commissioners has a 401(k) single employer defined contribution plan, available to all employees of the Road Commission. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and the forfeitures of other participant's account. All employees who are at least 21 years old and have completed six months of service are eligible to participate.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

The plan allows for employees to determine their own contribution, up to 60% of their salary, according to current provisions of the Internal Service Code. The Road Commission contributes 10% of the employees' salary. These contributions are not dependent on the participation of the employees. The plan uses the accrual basis of accounting with investment stated at fair market value.

Employees are allowed to borrow from their account and at December 31, 2007, the outstanding loan balances were \$95,239. Employee and employer contributions are paid to the plan on each payroll date (bi-weekly) and for the year ended December 31, 2007 employee and employer contributions totaled \$166,939 and \$164,061, respectively.

E. Other post-employment benefits

Primary Government

Plan Description. The Barry County Retiree Health Care Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by Barry County. The Plan provides certain health care benefit and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired.

Contributions. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the County Board of Commissioners. For the year ended December 31, 2007, the County contributed \$47,535 to the Plan, all of which was to fund current year benefits. Retirees receiving benefits contributed \$88,013, or approximately 65 percent of the total premiums, through their required contribution of \$18 - \$275 per month for retiree-only coverage and \$80 – full cost of coverage for retiree and spouse coverage.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio Total
12/31/2006	\$ -	\$ 824,444	\$ 824,444	-%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Beginning with the year ended December 31, 2008, the County will be required to present a schedule of employer contributions, which shows trend information about the amounts contributed to the Plan by the County in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to the point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 6.0%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from 0.3% to 8.4%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 4.5% to 11.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

The County also pays the life insurance premium for those retirees who ask for coverage under a \$5,000 policy. The total monthly premium was \$1.90 until the cost increases to \$5 per month at which time the retiree must absorb the difference. In 2007, fifty-six (56) retirees were covered at a cost of \$1,142 to the County. Expenditures are recognized as the insurance premiums become due.

Road Commission Component Unit

As of January 1, 2003, the Barry County Road Commission changed its policy for providing hospitalization medical coverage for their retirees. Per the policy in place as of December 31, 2002, the Road Commission provided hospitalization medical coverage and life insurance on a complimentary basis for any employee who retired at age 55 with at least eight years of service. The Road Commission continues to provide life insurance using the same parameters. Four (4) current employees and one (1) who retired during the year ended December 31, 2003 were grandfathered in under the previous policy.

As of January 1, 2005, the Road Commission added a policy for providing \$10 per month for every year of service for their association employees retiring from January 1, 2003 to November 1, 2006. These employees must be at least 55 years of age and have at least 20 years of service. This would become effective upon retirement of January 1, 2005, whichever comes latest. The amount shall be paid until the employee is deceased. If a slot is open for health insurance through the Road Commission and the retiree chooses to be carried through the Road Commission, the current health insurance cancellation policy will apply. This is a contingency upon the employee's association acceptance. All other current employees receive no health benefits upon retirement.

The benefits are provided based on requirements of employee contracts and are financed on a pay-as-you-go basis. For the year ended December 31, 2007, the Road Commission expended \$143,912 for 23 participants currently eligible to receive benefits.

BARRY COUNTY, MICHIGAN

Notes to Financial Statements

F. Restatements

The beginning balances of capital assets and long-term debt of governmental activities were both increased by \$318,400 to account for an installment purchase agreement from the prior year.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue	Debt Service	Permanent Fund Cemetery Perpetual Care	Totals
Assets				
Cash and cash equivalents	\$ 6,467,726	\$ 294,823	\$ 100	\$ 6,762,649
Investments	775,250	-	29,425	804,675
Accounts receivable	9,210	-	-	9,210
Taxes receivable	2,340,021	1,072,162	-	3,412,183
Interest receivable	1,273	-	888	2,161
Leases receivable	-	1,004,883	-	1,004,883
Due from other governments	434,169	250	-	434,419
Due from other funds	21,913	-	-	21,913
Inventory	523	-	-	523
Total assets	<u>\$ 10,050,085</u>	<u>\$ 2,372,118</u>	<u>\$ 30,413</u>	<u>\$ 12,452,616</u>
Liabilities and fund balances				
Liabilities				
Negative equity in pooled cash and cash equivalents	\$ 161,161	\$ -	\$ -	\$ 161,161
Accounts payable	95,295	-	-	95,295
Accrued expenditures	79,757	-	-	79,757
Due to other funds	76,436	-	-	76,436
Deferred revenue	2,643,684	2,213,889	-	4,857,573
Total liabilities	<u>3,056,333</u>	<u>2,213,889</u>	<u>-</u>	<u>5,270,222</u>
Fund balances				
Reserved for inventory	523	-	-	523
Reserved for cemetery perpetual care:				
Nonexpendable	-	-	29,425	29,425
Expendable	-	-	988	988
Unreserved, undesignated	6,993,229	158,229	-	7,151,458
Total fund balances	<u>6,993,752</u>	<u>158,229</u>	<u>30,413</u>	<u>7,182,394</u>
Total liabilities and fund balances	<u>\$ 10,050,085</u>	<u>\$ 2,372,118</u>	<u>\$ 30,413</u>	<u>\$ 12,452,616</u>

BARRY COUNTY, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Special Revenue	Debt Service	Permanent Fund Cemetery Perpetual Care	Totals
Revenue				
Taxes	\$ 2,828,684	\$ 976,477	\$ -	\$ 3,805,161
Intergovernmental	3,164,105	274,949	-	3,439,054
Charges for services	717,788	-	-	717,788
Fines and forfeits	24,820	-	-	24,820
Interest and rentals	96,820	30,998	-	127,818
Other revenue	123,783	250	4,842	128,875
Total revenue	6,956,000	1,282,674	4,842	8,243,516
Expenditures				
Current:				
General government	1,368,032	10,025	-	1,378,057
Public safety	1,888,840	-	-	1,888,840
Public works	104,865	-	-	104,865
Health and welfare	2,772,473	-	-	2,772,473
Recreation and cultural	474,607	-	-	474,607
Debt service:				
Principal	304,568	805,000	-	1,109,568
Interest	13,022	1,081,210	-	1,094,232
Capital outlay	248,726	-	-	248,726
Total expenditures	7,175,133	1,896,235	-	9,071,368
Revenue over (under) expenditures	(219,133)	(613,561)	4,842	(827,852)
Other financing sources (uses)				
Transfers in	1,755,689	311,432	-	2,067,121
Transfers (out)	(766)	-	-	(766)
Total other financing sources (uses)	1,754,923	311,432	-	2,066,355
Net changes in fund balances	1,535,790	(302,129)	4,842	1,238,503
Fund balances, beginning of year	5,457,962	460,358	25,571	5,943,891
Fund balances, end of year	\$ 6,993,752	\$ 158,229	\$ 30,413	\$ 7,182,394

BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Central Dispatch	Charlton Park	Friend of the Court	Local Corrections Officer Training	Solid Waste
Assets					
Cash and cash equivalents	\$ 740,963	\$ 270,805	\$ 174,643	\$ 23,491	\$ 144,754
Investments	775,250	-	-	-	-
Accounts receivable	-	-	-	-	-
Taxes receivable	1,199,603	362,438	-	-	-
Interest receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 2,715,816</u>	<u>\$ 633,243</u>	<u>\$ 174,643</u>	<u>\$ 23,491</u>	<u>\$ 144,754</u>
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	33,535	-	5,153	31	1,138
Accrued liabilities	28,043	-	16,630	-	-
Due to other funds	1,005	1,800	6,514	-	-
Deferred revenue	1,355,272	409,473	-	-	-
Total liabilities	<u>1,417,855</u>	<u>411,273</u>	<u>28,297</u>	<u>31</u>	<u>1,138</u>
Fund balances					
Reserved for inventory	-	-	-	-	-
Unreserved, undesignated (deficit)	<u>1,297,961</u>	<u>221,970</u>	<u>146,346</u>	<u>23,460</u>	<u>143,616</u>
Total fund balances (deficits)	<u>1,297,961</u>	<u>221,970</u>	<u>146,346</u>	<u>23,460</u>	<u>143,616</u>
Total liabilities and fund balances (deficits)	<u><u>\$ 2,715,816</u></u>	<u><u>\$ 633,243</u></u>	<u><u>\$ 174,643</u></u>	<u><u>\$ 23,491</u></u>	<u><u>\$ 144,754</u></u>

Animal Shelter Donation	Community Resource Network	Abstract	Remonu- mentation	Commission on Aging	Commission on Aging Building	Building Rehabilitation
\$ 254,340	\$ 7,371	\$ 480,713	\$ -	\$ 454,293	\$ 11,658	\$ 1,674,295
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	777,980	-	-
-	-	-	-	-	-	-
-	-	-	53,470	32,875	-	-
-	-	-	5,345	10,300	-	-
-	-	-	-	-	-	-
<hr/>						
\$ 254,340	\$ 7,371	\$ 480,713	\$ 58,815	\$ 1,275,448	\$ 11,658	\$ 1,674,295
<hr/>						
\$ -	\$ -	\$ -	\$ 46,384	\$ -	\$ -	\$ -
-	-	-	12,431	-	-	3,925
-	-	-	-	-	-	-
-	-	-	-	5,800	-	-
-	-	-	-	878,939	-	-
<hr/>						
-	-	-	58,815	884,739	-	3,925
<hr/>						
-	-	-	-	-	-	-
254,340	7,371	480,713	-	390,709	11,658	1,670,370
<hr/>						
254,340	7,371	480,713	-	390,709	11,658	1,670,370
<hr/>						
\$ 254,340	\$ 7,371	\$ 480,713	\$ 58,815	\$ 1,275,448	\$ 11,658	\$ 1,674,295
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BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2007

	Parks and Recreation	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	School Liason
Assets					
Cash and cash equivalents	\$ 4,773	\$ 160,338	\$ 131,201	\$ 19,988	\$ 20,036
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Interest receivable	-	-	1,247	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	-	-	-	-	-
 Total assets	 \$ 4,773	 \$ 160,338	 \$ 132,448	 \$ 19,988	 \$ 20,036
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	221	-
Accrued liabilities	-	-	-	-	1,307
Due to other funds	-	-	-	-	637
Deferred revenue	-	-	-	-	-
 Total liabilities	 -	 -	 -	 221	 1,944
Fund balances					
Reserved for inventory	-	-	-	-	-
Unreserved, undesignated (deficit)	4,773	160,338	132,448	19,767	18,092
 Total fund balances (deficits)	 4,773	 160,338	 132,448	 19,767	 18,092
Total liabilities and fund balance:	 \$ 4,773	 \$ 160,338	 \$ 132,448	 \$ 19,988	 \$ 20,036

Drug Law Investigation	Special Investigation	Crime Victims' Rights Week	Law Library	CDBG Housing	Middleville Police Services
\$ 22,706	\$ 30,253	\$ 79,692	\$ 26,954	\$ 5,612	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,448	-	70,469	48,384
-	-	-	-	-	-
-	-	-	-	-	-
\$ 22,706	\$ 30,253	\$ 90,140	\$ 26,954	\$ 76,081	\$ 48,384

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,655
-	-	-	-	18,278	-
-	-	910	-	-	4,897
-	-	52,347	-	-	1,356
-	-	-	-	-	-
-	-	53,257	-	18,278	25,908
-	-	-	-	-	-
22,706	30,253	36,883	26,954	57,803	22,476
22,706	30,253	36,883	26,954	57,803	22,476
\$ 22,706	\$ 30,253	\$ 90,140	\$ 26,954	\$ 76,081	\$ 48,384

continued...

BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
December 31, 2007

	Community Corrections	Adult Drug Court	Juvenile Drug Court	Michigan Justice Training	Social Welfare
Assets					
Cash and cash equivalents	\$ -	\$ 45,600	\$ -	\$ 13,072	\$ 175,423
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Interest receivable	-	-	-	-	26
Due from other governments	23,326	56,723	57,534	-	-
Due from other funds	-	-	4,153	-	-
Inventory	-	-	-	-	-
 Total assets	 \$ 23,326	 \$ 102,323	 \$ 61,687	 \$ 13,072	 \$ 175,449
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 19,713	\$ -	\$ 48,966	\$ -	\$ -
Accounts payable	-	-	-	-	-
Accrued liabilities	2,228	3,055	1,628	-	-
Due to other funds	-	66	655	-	-
Deferred revenue	-	-	-	-	-
 Total liabilities	 21,941	 3,121	 51,249	 -	 -
Fund balances					
Reserved for inventory	-	-	-	-	-
Unreserved, undesignated (deficit)	1,385	99,202	10,438	13,072	175,449
 Total fund balances (deficits)	 1,385	 99,202	 10,438	 13,072	 175,449
Total liabilities and fund balance:	 \$ 23,326	 \$ 102,323	 \$ 61,687	 \$ 13,072	 \$ 175,449

Child Care Probate	Veterans' Trust	Diverted Felons	Master Land Use Plan	County Agriculture Preservation	Substance Abuse	Bench Warrant	Total
\$ 1,242,992	\$ 325	\$ 208,781	\$ 27,633	\$ 10,780	\$ -	\$ 4,241	\$ 6,467,726
-	-	-	-	-	-	-	775,250
-	-	-	-	-	9,210	-	9,210
-	-	-	-	-	-	-	2,340,021
-	-	-	-	-	-	-	1,273
72,408	-	(1)	-	-	8,533	-	434,169
-	2,115	-	-	-	-	-	21,913
-	-	-	-	-	523	-	523
<hr/>							
\$ 1,315,400	\$ 2,440	\$ 208,780	\$ 27,633	\$ 10,780	\$ 18,266	\$ 4,241	\$ 10,050,085
<hr/>							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,443	\$ -	\$ 161,161
-	-	19,427	-	-	1,156	-	95,295
5,570	-	-	-	-	15,489	-	79,757
6,256	-	-	-	-	-	-	76,436
-	-	-	-	-	-	-	2,643,684
<hr/>							
11,826	-	19,427	-	-	43,088	-	3,056,333
<hr/>							
-	-	-	-	-	523	-	523
1,303,574	2,440	189,353	27,633	10,780	(25,345)	4,241	6,993,229
<hr/>							
1,303,574	2,440	189,353	27,633	10,780	(24,822)	4,241	6,993,752
<hr/>							
\$ 1,315,400	\$ 2,440	\$ 208,780	\$ 27,633	\$ 10,780	\$ 18,266	\$ 4,241	\$ 10,050,085
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BARRY COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Central Dispatch	Charlton Park	Friend of the Court	Local Corrections Officer Training	Solid Waste
Revenue					
Taxes	\$ 1,636,944	\$ 373,835	\$ -	\$ -	\$ -
Intergovernmental	161,137	16,210	627,107	10,816	-
Charges for services	-	173,255	-	-	46,089
Fines and forfeits	-	-	-	-	-
Interest and rentals	76,839	-	-	-	-
Other revenue	8,180	-	32	-	3,419
Total revenue	1,883,100	563,300	627,139	10,816	49,508
Expenditures					
Current:					
General government	-	-	856,027	-	-
Public safety	1,295,245	-	-	3,506	-
Public works	-	-	-	-	46,515
Health and welfare	-	-	-	-	-
Recreation and cultural	-	472,159	-	-	-
Debt service:					
Principal	296,636	-	-	-	-
Interest expense	13,022	-	-	-	-
Capital outlay	41,234	-	-	-	-
Total expenditures	1,646,137	472,159	856,027	3,506	46,515
Revenue over (under) expenditures	236,963	91,141	(228,888)	7,310	2,993
Other financing sources (uses)					
Transfers in	1,530	8,000	263,786	-	1,500
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	1,530	8,000	263,786	-	1,500
Net changes in fund balances	238,493	99,141	34,898	7,310	4,493
Fund balances, beginning of year	1,059,468	122,829	111,448	16,150	139,123
Fund balances (deficits), end of year	\$ 1,297,961	\$ 221,970	\$ 146,346	\$ 23,460	\$ 143,616

Animal Shelter Donation	Community Resource Network	Abstract	Remonu- mentation	Commission on Aging	Commission on Aging Building	Building Rehabilitation
\$ -	\$ -	\$ -	\$ -	\$ 817,905	\$ -	\$ -
-	1,689	-	83,274	360,733	-	-
-	-	71,293	-	120,812	-	-
-	-	-	-	-	-	-
9,313	111	-	200	-	411	-
71,144	-	-	-	33,716	-	-
80,457	1,800	71,293	83,474	1,333,166	411	-
-	-	-	109,157	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	58,350
-	1,714	-	-	1,143,153	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,220	-	-	-	24,803	-	10,501
30,220	1,714	-	109,157	1,167,956	-	68,851
50,237	86	71,293	(25,683)	165,210	411	(68,851)
-	-	-	25,683	-	-	763,346
-	-	-	-	-	-	-
-	-	-	25,683	-	-	763,346
50,237	86	71,293	-	165,210	411	694,495
204,103	7,285	409,420	-	225,499	11,247	975,875
\$ 254,340	\$ 7,371	\$ 480,713	\$ -	\$ 390,709	\$ 11,658	\$ 1,670,370

continued...

BARRY COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Parks and Recreation	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	School Liason
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	800	54,179
Charges for services	-	70,215	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rentals	-	-	6,540	-	-
Other revenue	-	-	-	489	6,160
Total revenue	-	70,215	6,540	1,289	60,339
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	2,000	126,201
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Recreation and cultural	964	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay	-	122,540	-	-	-
Total expenditures	964	122,540	-	2,000	126,201
Revenue over (under) expenditures	(964)	(52,325)	6,540	(711)	(65,862)
Other financing sources (uses)					
Transfers in	500	-	-	-	53,673
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	500	-	-	-	53,673
Net changes in fund balances	(464)	(52,325)	6,540	(711)	(12,189)
Fund balances, beginning of year	5,237	212,663	125,908	20,478	30,281
Fund balances (deficits), end of year	\$ 4,773	\$ 160,338	\$ 132,448	\$ 19,767	\$ 18,092

Drug Law Enforcement	Special Investigation	Crime Victims' Rights Week	Law Library	CDBG Housing	Middleville Police Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	47,085	6,500	225,553	245,402
-	-	-	-	45,143	-
23,036	1,784	-	-	-	-
-	1,231	-	-	198	-
-	558	-	-	-	-
23,036	3,573	47,085	6,500	270,894	245,402
-	-	-	13,078	-	-
29,028	649	47,790	-	-	244,072
-	-	-	-	-	-
-	-	-	-	241,991	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,028	649	47,790	13,078	241,991	244,072
(5,992)	2,924	(705)	(6,578)	28,903	1,330
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,992)	2,924	(705)	(6,578)	28,903	1,330
28,698	27,329	37,588	33,532	28,900	21,146
\$ 22,706	\$ 30,253	\$ 36,883	\$ 26,954	\$ 57,803	\$ 22,476

continued...

BARRY COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended December 31, 2007

	Community Corrections	Adult Drug Court	Juvenile Drug Court	Michigan Justice Training	Social Welfare
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	130,392	198,960	85,788	6,890	4,562
Charges for services	-	26,262	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rentals	-	-	-	-	1,977
Other revenue	-	-	85	-	-
Total revenue	130,392	225,222	85,873	6,890	6,539
Expenditures					
Current:					
General government	-	223,235	120,846	-	-
Public safety	135,468	-	-	4,881	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	13,835
Recreation and cultural	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	135,468	223,235	120,846	4,881	13,835
Revenue over (under) expenditures	(5,076)	1,987	(34,973)	2,009	(7,296)
Other financing sources (uses)					
Transfers in	-	44,500	36,124	-	8,500
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	44,500	36,124	-	8,500
Net changes in fund balances	(5,076)	46,487	1,151	2,009	1,204
Fund balances, beginning of year	6,461	52,715	9,287	11,063	174,245
Fund balances (deficits), end of year	\$ 1,385	\$ 99,202	\$ 10,438	\$ 13,072	\$ 175,449

Child Care	Veterans' Trust	Diverted Felons	Master Land Use Plan	County Agriculture Preservation	Substance Abuse	Bench Warrant	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,828,684
418,198	6,300	94,523	2,000	-	362,287	13,720	3,164,105
-	-	-	-	-	164,719	-	717,788
-	-	-	-	-	-	-	24,820
-	-	-	-	-	-	-	96,820
-	-	-	-	-	-	-	123,783
418,198	6,300	94,523	2,000	-	527,006	13,720	6,956,000
-	-	-	36,976	-	-	8,713	1,368,032
-	-	-	-	-	-	-	1,888,840
-	-	-	-	-	-	-	104,865
752,980	6,560	-	-	-	612,240	-	2,772,473
-	-	-	-	1,484	-	-	474,607
-	-	-	-	-	7,932	-	304,568
-	-	-	-	-	-	-	13,022
-	-	19,428	-	-	-	-	248,726
752,980	6,560	19,428	36,976	1,484	620,172	8,713	7,175,133
(334,782)	(260)	75,095	(34,976)	(1,484)	(93,166)	5,007	(219,133)
536,547	-	-	12,000	-	-	-	1,755,689
-	-	-	-	-	-	(766)	(766)
536,547	-	-	12,000	-	-	(766)	1,754,923
201,765	(260)	75,095	(22,976)	(1,484)	(93,166)	4,241	1,535,790
1,101,809	2,700	114,258	50,609	12,264	68,344	-	5,457,962
\$ 1,303,574	\$ 2,440	\$ 189,353	\$ 27,633	\$ 10,780	\$ (24,822)	\$ 4,241	\$ 6,993,752

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Central Dispatch		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ 1,643,935	\$ 1,636,944	\$ (6,991)
Intergovernmental	147,500	161,137	13,637
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	16,000	76,839	60,839
Other revenue	150	8,180	8,030
Total revenue	1,807,585	1,883,100	75,515
Expenditures			
Current:			
General government	-	-	-
Public safety	1,413,500	1,295,245	(118,255)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	296,636	296,636
Interest expense	-	13,022	13,022
Capital outlay	430,000	41,234	(388,766)
Total expenditures	1,843,500	1,646,137	(197,363)
Revenue over (under) expenditures	(35,915)	236,963	272,878
Other financing sources (uses)			
Transfers in	-	1,530	1,530
Transfers (out)	-	-	-
Total other financing sources (uses)	-	1,530	1,530
Net changes in fund balances	(35,915)	238,493	274,408
Fund balances, beginning of year	1,059,468	1,059,468	-
Fund balances (deficits), end of year	\$ 1,023,553	\$ 1,297,961	\$ 274,408

Charlton Park			Friend of the Court		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 378,381	\$ 373,835	\$ (4,546)	\$ -	\$ -	\$ -
-	16,210	16,210	-	627,107	627,107
147,500	173,255	25,755	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	32	32
525,881	563,300	37,419	-	627,139	627,139
-	-	-	929,279	856,027	(73,252)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
529,269	472,159	(57,110)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	500	-	(500)
529,269	472,159	(57,110)	929,779	856,027	(73,752)
(3,388)	91,141	94,529	(929,779)	(228,888)	700,891
69,080	8,000	(61,080)	890,225	263,786	(626,439)
-	-	-	-	-	-
69,080	8,000	(61,080)	890,225	263,786	(626,439)
65,692	99,141	33,449	(39,554)	34,898	74,452
122,829	122,829	-	111,448	111,448	-
\$ 188,521	\$ 221,970	\$ 33,449	\$ 71,894	\$ 146,346	\$ 74,452

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Local Corrections Officer Training		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	10,000	10,816	816
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	-	-	-
Total revenue	10,000	10,816	816
Expenditures			
Current:			
General government	-	-	-
Public safety	5,000	3,506	(1,494)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	5,000	3,506	(1,494)
Revenue over (under) expenditures	5,000	7,310	2,310
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	5,000	7,310	2,310
Fund balances, beginning of year	16,150	16,150	-
Fund balances (deficits), end of year	\$ 21,150	\$ 23,460	\$ 2,310

Solid Waste			Animal Shelter Donation		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
16,000	46,089	30,089	-	-	-
-	-	-	-	-	-
-	-	-	8,400	9,313	913
25,000	3,419	(21,581)	70,600	71,144	544
41,000	49,508	8,508	79,000	80,457	1,457
-	-	-	-	-	-
-	-	-	-	-	-
64,750	46,515	(18,235)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,100	30,220	120
64,750	46,515	(18,235)	30,100	30,220	120
(23,750)	2,993	26,743	48,900	50,237	1,337
1,500	1,500	-	-	-	-
-	-	-	-	-	-
1,500	1,500	-	-	-	-
(22,250)	4,493	26,743	48,900	50,237	1,337
139,123	139,123	-	204,103	204,103	-
\$ 116,873	\$ 143,616	\$ 26,743	\$ 253,003	\$ 254,340	\$ 1,337

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Community Resource Network		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	1,000	1,689	689
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	-	111	111
Other revenue	-	-	-
Total revenue	1,000	1,800	800
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	4,000	1,714	(2,286)
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	4,000	1,714	(2,286)
Revenue over (under) expenditures	(3,000)	86	3,086
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	(3,000)	86	3,086
Fund balances, beginning of year	7,285	7,285	-
Fund balances (deficits), end of year	\$ 4,285	\$ 7,371	\$ 3,086

Abstract			Remonumentation		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	89,116	83,274	(5,842)
75,000	71,293	(3,707)	-	-	-
-	-	-	-	-	-
-	-	-	2,000	200	(1,800)
-	-	-	-	-	-
75,000	71,293	(3,707)	91,116	83,474	(7,642)
-	-	-	91,116	109,157	18,041
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	91,116	109,157	18,041
75,000	71,293	(3,707)	-	(25,683)	(25,683)
-	-	-	-	25,683	25,683
(300,000)	-	300,000	-	-	-
(300,000)	-	300,000	-	25,683	25,683
(225,000)	71,293	296,293	-	-	-
409,420	409,420	-	-	-	-
\$ 184,420	\$ 480,713	\$ 296,293	\$ -	\$ -	\$ -

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Commission on Aging		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ 823,958	\$ 817,905	\$ (6,053)
Intergovernmental	404,283	360,733	(43,550)
Charges for services	110,506	120,812	10,306
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	26,004	33,716	7,712
Total revenue	1,364,751	1,333,166	(31,585)
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,184,463	1,143,153	(41,310)
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	14,500	24,803	10,303
Total expenditures	1,198,963	1,167,956	(31,007)
Revenue over (under) expenditures	165,788	165,210	(578)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	165,788	165,210	(578)
Fund balances, beginning of year	225,499	225,499	-
Fund balances (deficits), end of year	\$ 391,287	\$ 390,709	\$ (578)

Commission on Aging Building			Building Rehabilitation		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	411	411	-	-	-
-	-	-	-	-	-
-	411	411	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	153,385	58,350	(95,035)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,431	10,501	(4,930)
-	-	-	168,816	68,851	(99,965)
-	411	411	(168,816)	(68,851)	99,965
-	-	-	-	763,346	763,346
-	-	-	-	-	-
-	-	-	-	763,346	763,346
-	411	411	(168,816)	694,495	863,311
11,247	11,247	-	975,875	975,875	-
\$ 11,247	\$ 11,658	\$ 411	\$ 807,059	\$ 1,670,370	\$ 863,311

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Parks and Recreation		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	-	-	-
Total revenue	-	-	-
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	8,500	964	(7,536)
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	8,500	964	(7,536)
Revenue over (under) expenditures	(8,500)	(964)	7,536
Other financing sources (uses)			
Transfers in	8,500	500	(8,000)
Transfers (out)	-	-	-
Total other financing sources (uses)	8,500	500	(8,000)
Net changes in fund balances	-	(464)	(464)
Fund balances, beginning of year	5,237	5,237	-
Fund balances (deficits), end of year	\$ 5,237	\$ 4,773	\$ (464)

Register of Deeds Automation			Budget Stabilization		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
84,000	70,215	(13,785)	-	-	-
-	-	-	-	-	-
-	-	-	2,000	6,540	4,540
-	-	-	-	-	-
84,000	70,215	(13,785)	2,000	6,540	4,540
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
135,000	122,540	(12,460)	-	-	-
135,000	122,540	(12,460)	-	-	-
(51,000)	(52,325)	(1,325)	2,000	6,540	4,540
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(51,000)	(52,325)	(1,325)	2,000	6,540	4,540
212,663	212,663	-	125,908	125,908	-
\$ 161,663	\$ 160,338	\$ (1,325)	\$ 127,908	\$ 132,448	\$ 4,540

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Victim Services Unit		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	900	800	(100)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	1,000	489	(511)
Total revenue	1,900	1,289	(611)
Expenditures			
Current:			
General government	-	-	-
Public safety	5,250	2,000	(3,250)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	5,250	2,000	(3,250)
Revenue over (under) expenditures	(3,350)	(711)	2,639
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	(3,350)	(711)	2,639
Fund balances, beginning of year	20,478	20,478	-
Fund balances (deficits), end of year	\$ 17,128	\$ 19,767	\$ 2,639

School Liason			Drug Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75,000	54,179	(20,821)	-	-	-
-	-	-	-	-	-
-	-	-	22,000	23,036	1,036
-	-	-	-	-	-
3,000	6,160	3,160	-	-	-
78,000	60,339	(17,661)	22,000	23,036	1,036
-	-	-	-	-	-
134,042	126,201	(7,841)	22,000	29,028	7,028
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
134,042	126,201	(7,841)	22,000	29,028	7,028
(56,042)	(65,862)	(9,820)	-	(5,992)	(5,992)
53,673	53,673	-	-	-	-
-	-	-	-	-	-
53,673	53,673	-	-	-	-
(2,369)	(12,189)	(9,820)	-	(5,992)	(5,992)
30,281	30,281	-	28,698	28,698	-
\$ 27,912	\$ 18,092	\$ (9,820)	\$ 28,698	\$ 22,706	\$ (5,992)

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Special Investigation		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	15,000	1,784	(13,216)
Interest and rentals	300	1,231	931
Other revenue	500	558	58
Total revenue	15,800	3,573	(12,227)
Expenditures			
Current:			
General government	-	-	-
Public safety	16,000	649	(15,351)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	16,000	649	(15,351)
Revenue over (under) expenditures	(200)	2,924	3,124
Other financing sources (uses)			
Transfers in	4,000	-	(4,000)
Transfers (out)	-	-	-
Total other financing sources (uses)	4,000	-	(4,000)
Net changes in fund balances	3,800	2,924	(876)
Fund balances, beginning of year	27,329	27,329	-
Fund balances (deficits), end of year	\$ 31,129	\$ 30,253	\$ (876)

Crime Victims' Rights Week			Law Library		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49,811	47,085	(2,726)	-	6,500	6,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,811	47,085	(2,726)	-	6,500	6,500
-	-	-	15,000	13,078	(1,922)
49,811	47,790	(2,021)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,811	47,790	(2,021)	15,000	13,078	(1,922)
-	(705)	(705)	(15,000)	(6,578)	8,422
-	-	-	6,500	-	(6,500)
-	-	-	-	-	-
-	-	-	6,500	-	(6,500)
-	(705)	(705)	(8,500)	(6,578)	1,922
37,588	37,588	-	33,532	33,532	-
\$ 37,588	\$ 36,883	\$ (705)	\$ 25,032	\$ 26,954	\$ 1,922

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	CDBG Housing		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	155,000	225,553	70,553
Charges for services	50,000	45,143	(4,857)
Fines and forfeits	-	-	-
Interest and rentals	-	198	198
Other revenue	-	-	-
Total revenue	205,000	270,894	65,894
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	232,000	241,991	9,991
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	232,000	241,991	9,991
Revenue over (under) expenditures	(27,000)	28,903	55,903
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	(27,000)	28,903	55,903
Fund balances, beginning of year	28,900	28,900	-
Fund balances (deficits), end of year	\$ 1,900	\$ 57,803	\$ 55,903

Middleville Police Services			Community Corrections		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
256,862	245,402	(11,460)	145,061	130,392	(14,669)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
256,862	245,402	(11,460)	145,061	130,392	(14,669)
-	-	-	-	-	-
256,952	244,072	(12,880)	145,061	135,468	(9,593)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
256,952	244,072	(12,880)	145,061	135,468	(9,593)
(90)	1,330	1,420	-	(5,076)	(5,076)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(90)	1,330	1,420	-	(5,076)	(5,076)
21,146	21,146	-	6,461	6,461	-
\$ 21,056	\$ 22,476	\$ 1,420	\$ 6,461	\$ 1,385	\$ (5,076)

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Adult Drug Court		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	162,000	198,960	36,960
Charges for services	26,000	26,262	262
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	-	-	-
 Total revenue	 188,000	 225,222	 37,222
Expenditures			
Current:			
General government	236,622	223,235	(13,387)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
 Total expenditures	 236,622	 223,235	 (13,387)
 Revenue over (under) expenditures	 (48,622)	 1,987	 50,609
Other financing sources (uses)			
Transfers in	44,500	44,500	-
Transfers (out)	-	-	-
 Total other financing sources (uses)	 44,500	 44,500	 -
 Net changes in fund balances	 (4,122)	 46,487	 50,609
 Fund balances, beginning of year	 52,715	 52,715	 -
 Fund balances (deficits), end of year	 \$ 48,593	 \$ 99,202	 \$ 50,609

Juvenile Drug Court			Michigan Justice Training		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117,820	85,788	(32,032)	7,000	6,890	(110)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	85	85	-	-	-
117,820	85,873	(31,947)	7,000	6,890	(110)
190,067	120,846	(69,221)	-	-	-
-	-	-	7,000	4,881	(2,119)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
190,067	120,846	(69,221)	7,000	4,881	(2,119)
(72,247)	(34,973)	37,274	-	2,009	2,009
36,124	36,124	-	-	-	-
-	-	-	-	-	-
36,124	36,124	-	-	-	-
(36,123)	1,151	37,274	-	2,009	2,009
9,287	9,287	-	11,063	11,063	-
\$ (26,836)	\$ 10,438	\$ 37,274	\$ 11,063	\$ 13,072	\$ 2,009

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Social Welfare		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	4,200	4,562	362
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	1,500	1,977	477
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	5,700	6,539	839
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	17,000	13,835	(3,165)
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	17,000	13,835	(3,165)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(11,300)	(7,296)	4,004
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	8,500	8,500	-
Transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	8,500	8,500	-
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(2,800)	1,204	4,004
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	174,245	174,245	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	<u>\$ 171,445</u>	<u>\$ 175,449</u>	<u>\$ 4,004</u>

Child Care			Veterans' Trust		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
105,089	418,198	313,109	12,545	6,300	(6,245)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
105,089	418,198	313,109	12,545	6,300	(6,245)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,036,678	752,980	(283,698)	12,545	6,560	(5,985)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,036,678	752,980	(283,698)	12,545	6,560	(5,985)
(931,589)	(334,782)	596,807	-	(260)	(260)
536,547	536,547	-	-	-	-
-	-	-	-	-	-
536,547	536,547	-	-	-	-
(395,042)	201,765	596,807	-	(260)	(260)
1,101,809	1,101,809	-	2,700	2,700	-
\$ 706,767	\$ 1,303,574	\$ 596,807	\$ 2,700	\$ 2,440	\$ (260)

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2007

	Diverted Felons		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	94,000	94,523	523
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	-	-	-
Total revenue	94,000	94,523	523
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	-	-
Capital outlay	-	19,428	19,428
Total expenditures	-	19,428	19,428
Revenue over (under) expenditures	94,000	75,095	(18,905)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	94,000	75,095	(18,905)
Fund balances, beginning of year	114,258	114,258	-
Fund balances (deficits), end of year	\$ 208,258	\$ 189,353	\$ (18,905)

Master Land Use Plan			County Agriculture Preservation		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,000	2,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	2,000	-	-	-	-
56,000	36,976	(19,024)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	83,265	1,484	(81,781)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
56,000	36,976	(19,024)	83,265	1,484	(81,781)
(54,000)	(34,976)	19,024	(83,265)	(1,484)	81,781
12,000	12,000	-	77,625	-	(77,625)
-	-	-	-	-	-
12,000	12,000	-	77,625	-	(77,625)
(42,000)	(22,976)	19,024	(5,640)	(1,484)	4,156
50,609	50,609	-	12,264	12,264	-
\$ 8,609	\$ 27,633	\$ 19,024	\$ 6,624	\$ 10,780	\$ 4,156

continued...

BARRY COUNTY, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended December 31, 2007

	Substance Abuse		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	368,590	362,287	(6,303)
Charges for services	229,216	164,719	(64,497)
Fines and forfeits	-	-	-
Interest and rentals	-	-	-
Other revenue	28,000	-	(28,000)
Total revenue	625,806	527,006	(98,800)
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	617,874	612,240	(5,634)
Recreation and cultural	-	-	-
Debt service:			
Principal	7,932	7,932	-
Interest expense	-	-	-
Capital outlay	-	-	-
Total expenditures	625,806	620,172	(5,634)
Revenue over (under) expenditures	-	(93,166)	(93,166)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(93,166)	(93,166)
Fund balances, beginning of year	68,344	68,344	-
Fund balances (deficits), end of year	\$ 68,344	\$ (24,822)	\$ (93,166)

Bench Warrant			Total		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ 2,846,274	\$ 2,828,684	\$ (17,590)
9,480	13,720	4,240	2,217,257	3,164,105	946,848
-	-	-	738,222	717,788	(20,434)
-	-	-	37,000	24,820	(12,180)
-	-	-	30,200	96,820	66,620
-	-	-	154,254	123,783	(30,471)
9,480	13,720	4,240	6,023,207	6,956,000	932,793
8,714	8,713	(1)	1,526,798	1,368,032	(158,766)
-	-	-	2,054,616	1,888,840	(165,776)
-	-	-	218,135	104,865	(113,270)
-	-	-	3,104,560	2,772,473	(332,087)
-	-	-	621,034	474,607	(146,427)
-	-	-	7,932	304,568	296,636
-	-	-	-	13,022	13,022
-	-	-	625,531	248,726	(376,805)
8,714	8,713	(1)	8,158,606	7,175,133	(983,473)
766	5,007	4,241	(2,135,399)	(219,133)	1,916,266
-	-	-	1,748,774	1,755,689	6,915
(766)	(766)	-	(300,766)	(766)	300,000
(766)	(766)	-	1,448,008	1,754,923	306,915
-	4,241	4,241	(687,391)	1,535,790	2,223,181
-	-	-	4,107,978	5,457,962	1,349,984
\$ -	\$ 4,241	\$ 4,241	\$ 3,420,587	\$ 6,993,752	\$ 3,573,165

BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	Building Authority				
				2006	
	Friend of the Court Renovation	Kellogg Community College	Authority Courts and Law	Thornapple Manor Addition	Total
Assets					
Cash and cash equivalents	\$ 11,565	\$ -	\$ 127,763	\$ 155,495	\$ 294,823
Taxes receivable	-	-	-	1,072,162	1,072,162
Leases receivable	-	1,004,883	-	-	1,004,883
Due from other governments	-	250	-	-	250
Total assets	\$ 11,565	\$ 1,005,133	\$ 127,763	\$ 1,227,657	\$ 2,372,118
Liabilities and fund balances					
Liabilities					
Deferred revenue	\$ -	\$ 1,004,883	\$ -	\$ 1,209,006	\$ 2,213,889
Fund balances					
Unreserved, undesignated	11,565	250	127,763	18,651	158,229
Total liabilities and fund balances	\$ 11,565	\$ 1,005,133	\$ 127,763	\$ 1,227,657	\$ 2,372,118

BARRY COUNTY, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2007

	Building Authority				
	Friend of the Court Renovation	Kellogg Community College	Courts and Law	2006	Total
				Thornapple Manor Addition	
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ 976,477	\$ 976,477
Intergovernmental	-	274,949	-	-	274,949
Interest	401	-	3,093	27,504	30,998
Other revenue	-	250	-	-	250
Total revenue	401	275,199	3,093	1,003,981	1,282,674
Expenditures					
Current:					
General government	-	-	-	10,025	10,025
Debt service:					
Principal	25,000	240,000	190,000	350,000	805,000
Interest and fiscal charges	45,538	34,949	37,056	963,667	1,081,210
Total expenditures	70,538	274,949	227,056	1,323,692	1,896,235
Revenue over (under) expenditures	(70,137)	250	(223,963)	(319,711)	(613,561)
Other financing sources					
Transfers in	71,013	-	240,419	-	311,432
Net changes in fund balances	876	250	16,456	(319,711)	(302,129)
Fund balances, beginning of year	10,689	-	111,307	338,362	460,358
Fund balances, end of year	\$ 11,565	\$ 250	\$ 127,763	\$ 18,651	\$ 158,229

BARRY COUNTY, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

	2004 Delinquent Tax Revolving	2005 Delinquent Tax Revolving	2007 Delinquent Tax Revolving
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 326,799	\$ 60,421
Accounts receivable	-	-	-
Delinquent taxes receivable	-	238,941	145,177
Due from other governments	-	-	-
Total current assets	-	565,740	205,598
Noncurrent assets:			
Capital assets being depreciated, net	-	-	-
Total assets	-	565,740	205,598
Liabilities			
Current liabilities:			
Accounts payable	-	335	-
Accrued liabilities	-	-	-
Due to other funds	-	10,000	201,945
Total liabilities (all current)	-	10,335	201,945
Net assets			
Invested in capital assets	-	-	-
Unrestricted	-	555,405	3,653
Total net assets	\$ -	\$ 555,405	\$ 3,653

Foreclosure	Jail Commissary	Transit	Total
\$ 197,984	\$ 21,561	\$ 532,188	\$ 1,138,953
-	218	9,620	9,838
-	-	-	384,118
-	-	43,109	43,109
197,984	21,779	584,917	1,576,018
-	-	557,851	557,851
197,984	21,779	1,142,768	2,133,869
-	1,168	7,170	8,673
-	-	15,795	15,795
-	-	-	211,945
-	1,168	22,965	236,413
-	-	557,851	557,851
197,984	20,611	561,952	1,339,605
\$ 197,984	\$ 20,611	\$ 1,119,803	\$ 1,897,456

BARRY COUNTY, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	2004	2005	2007
	Delinquent Tax Revolving	Delinquent Tax Revolving	Delinquent Tax Revolving
Operating revenue			
Charges for services	\$ 25,040	\$ 111,581	\$ 2,271
Interest and penalties on delinquent taxes	45,294	201,561	1,077
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenue	70,334	313,142	3,348
	<hr/>	<hr/>	<hr/>
Operating expense			
Operating expenses	1,420	33,395	-
Depreciation	-	-	-
Other expense	14,377	-	-
	<hr/>	<hr/>	<hr/>
Total operating expense	15,797	33,395	-
	<hr/>	<hr/>	<hr/>
Operating income (loss)	54,537	279,747	3,348
	<hr/>	<hr/>	<hr/>
Non-operating revenue (expenses)			
Taxes	-	-	-
Intergovernmental	-	-	-
Interest expense	-	-	-
Interest revenue	5,765	17,637	305
	<hr/>	<hr/>	<hr/>
Total non-operating revenue (expenses)	5,765	17,637	305
	<hr/>	<hr/>	<hr/>
Income before transfers	60,302	297,384	3,653
	<hr/>	<hr/>	<hr/>
Transfers			
Transfers out	(470,417)	-	-
	<hr/>	<hr/>	<hr/>
Change in net assets	(410,115)	297,384	3,653
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	410,115	258,021	-
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ -	\$ 555,405	\$ 3,653
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

		Jail			
Foreclosure		Commissary		Transit	Total
\$	110,112	\$	89,232	\$	175,143
	-		-		513,379
	-		-		247,932
					-
	110,112		89,232		175,143
					761,311
	11,042		68,621		746,161
	-		-		860,639
	-		-		147,400
					14,377
	11,042		68,621		893,561
					1,022,416
	99,070		20,611		(718,418)
					(261,105)
	-		-		412,083
	-		-		460,916
	-		-		-
	5,756		-		2,687
					32,150
	5,756		-		875,686
					905,149
	104,826		20,611		157,268
					644,044
	-		-		-
					(470,417)
	104,826		20,611		157,268
					173,627
	93,158		-		962,535
					1,723,829
\$	197,984	\$	20,611	\$	1,119,803
					\$
					1,897,456

BARRY COUNTY, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	2004	2005	2007
	Delinquent	Delinquent	Delinquent
	Tax	Tax	Tax
	Revolving	Revolving	Revolving
Cash flows from operating activities			
Cash received from customers	\$ 223,856	\$ 1,105,115	\$ 60,116
Cash payments to suppliers for goods and services	(16,292)	(33,060)	-
Cash payments to employees for services	-	-	-
Net cash provided by (used in) operating activities	207,564	1,072,055	60,116
Cash flows from non-capital financing activities			
Transfers out	(470,417)	-	-
Taxes	-	-	-
Intergovernmental revenue	-	-	-
Payments on long-term advances from other funds	-	(1,173,000)	-
Net cash (used in) provided by non-capital financing activities	(470,417)	(1,173,000)	-
Cash flows from capital and related financing activities			
Intergovernmental capital grants	-	-	-
Purchases of capital assets	-	-	-
Net cash used in capital and related financing activities	-	-	-
Cash flows from investing activities			
Interest received	5,765	17,637	305
Net cash provided by investing activities	5,765	17,637	305
Net decrease (increase) in cash and cash equivalents	(257,088)	(83,308)	60,421
Cash and cash equivalents, beginning of year	257,088	410,107	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 326,799</u>	<u>\$ 60,421</u>

Foreclosure	Jail Commissary	Transit	Total
\$ 110,112	\$ 89,232	\$ 174,954	\$ 1,763,385
(11,482)	(67,453)	(382,517)	(510,804)
-	-	(370,047)	(370,047)
98,630	21,779	(577,610)	882,534
-	-	-	(470,417)
-	-	412,083	412,083
-	-	399,690	399,690
-	-	-	(1,173,000)
-	-	811,773	(831,644)
-	-	51,637	51,637
-	-	(58,561)	(58,561)
-	-	(6,924)	(6,924)
5,756	-	2,687	32,150
5,756	-	2,687	32,150
104,386	21,779	229,926	76,116
93,598	(218)	302,262	1,062,837
\$ 197,984	\$ 21,561	\$ 532,188	\$ 1,138,953

continued...

BARRY COUNTY, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2007

	2004	2005	2007
	Delinquent	Delinquent	Delinquent
	Tax	Tax	Tax
	Revolving	Revolving	Revolving
Cash flows from operating activities			
Operating income (loss)	\$ 54,537	\$ 279,747	\$ 3,348
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	-
(Increase) decrease in:			
Accounts receivable	-	-	-
Taxes receivable	153,522	791,973	(145,177)
Accounts payable	(495)	335	-
Accrued liabilities	-	-	-
Due to other funds	-	-	201,945
Net cash provided by (used in) operating activities	<u>\$ 207,564</u>	<u>\$ 1,072,055</u>	<u>\$ 60,116</u>

Foreclosure	Jail Commissary	Transit	Total
\$ 99,070	\$ 20,611	\$ (718,418)	\$ (261,105)
-	-	147,400	147,400
-	-	(189)	(189)
-	-	-	800,318
(440)	1,168	(1,406)	(838)
-	-	(4,997)	(4,997)
-	-	-	201,945
\$ 98,630	\$ 21,779	\$ (577,610)	\$ 882,534

BARRY COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Data		Workers'	
	Processing	Telephone	Vehicle	Compensation
Assets				
Current assets:				
Cash and cash equivalents	\$ 576,705	\$ 73,526	\$ 615,322	\$ 332,904
Due from other funds	-	3,601	-	-
Prepays	-	-	-	-
Total current assets	576,705	77,127	615,322	332,904
Noncurrent assets:				
Capital assets being depreciated, net	44,502	-	298,664	-
Total assets	621,207	77,127	913,986	332,904
Liabilities				
Current liabilities:				
Negative equity in pooled cash and cash equivalents	-	-	-	-
Accounts payable	15,373	2,200	-	5,335
Accrued expenses	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	15,373	2,200	-	5,335
Net assets				
Invested in capital assets	44,502	-	298,664	-
Unrestricted	561,332	74,927	615,322	327,569
Total net assets	\$ 605,834	\$ 74,927	\$ 913,986	\$ 327,569

Health Insurance	Disability	Fringe Benefits	Life Insurance	Retirement	Dental and Optical	Unemployment	Total
\$ 140,777	\$ 24,356	\$ 1,674,607	\$ -	\$ 176,248	\$ -	\$ 21,817	\$ 3,636,262
-	-	2,811	-	-	73,604	-	80,016
-	-	1,102	-	-	-	-	1,102
140,777	24,356	1,678,520	-	176,248	73,604	21,817	3,717,380
-	-	-	-	-	-	-	343,166
140,777	24,356	1,678,520	-	176,248	73,604	21,817	4,060,546
-	-	-	-	-	37,175	-	37,175
-	-	-	-	-	-	-	22,908
-	557	-	-	-	-	-	557
-	-	4,500	-	-	5,800	-	10,300
-	557	4,500	-	-	42,975	-	70,940
-	-	-	-	-	-	-	343,166
140,777	23,799	1,674,020	-	176,248	30,629	21,817	3,646,440
\$ 140,777	\$ 23,799	\$ 1,674,020	\$ -	\$ 176,248	\$ 30,629	\$ 21,817	\$ 3,989,606

BARRY COUNTY, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2007

	Data Processing	Telephone	Vehicle	Workers' Compensation	Health Insurance
Operating revenue					
Charges for services	\$ -	\$ 46,835	\$ -	\$ 115,758	\$ 1,799,550
Other revenue	-	-	8,057	-	-
Total operating revenue	-	46,835	8,057	115,758	1,799,550
Operating expense					
Operations	97,561	29,867	17,034	85,300	2,036,705
Depreciation	13,881	-	91,616	-	-
Other expense	738	-	-	-	-
Total operating expense	112,180	29,867	108,650	85,300	2,036,705
Operating income (loss)	(112,180)	16,968	(100,593)	30,458	(237,155)
Non-operating revenue					
Interest revenue	-	-	-	-	-
Income (loss) before transfers	(112,180)	16,968	(100,593)	30,458	(237,155)
Other financing sources (uses)					
Transfers in	254,448	-	254,448	-	-
Change in net assets	142,268	16,968	153,855	30,458	(237,155)
Net assets, beginning of year	463,566	57,959	760,131	297,111	377,932
Net assets, end of year	\$ 605,834	\$ 74,927	\$ 913,986	\$ 327,569	\$ 140,777

Disability	Fringe Benefits	Life Insurance	Retirement	Dental and Optical	Unemployment	Total
\$ 71,788	\$ 80,225	\$ 19,908	\$ 1,143,217	\$ 3,690	\$ 19,212	\$ 3,300,183
-	-	-	-	-	-	8,057
71,788	80,225	19,908	1,143,217	3,690	19,212	3,308,240
79,565	8,798	20,890	1,195,997	-	8,526	3,580,243
-	-	-	-	-	-	105,497
-	-	-	-	-	-	738
79,565	8,798	20,890	1,195,997	-	8,526	3,686,478
(7,777)	71,427	(982)	(52,780)	3,690	10,686	(378,238)
-	92,149	-	-	-	-	92,149
(7,777)	163,576	(982)	(52,780)	3,690	10,686	(286,089)
-	-	-	-	-	-	508,896
(7,777)	163,576	(982)	(52,780)	3,690	10,686	222,807
31,576	1,510,444	982	229,028	26,939	11,131	3,766,799
\$ 23,799	\$ 1,674,020	\$ -	\$ 176,248	\$ 30,629	\$ 21,817	\$ 3,989,606

BARRY COUNTY, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	Data Processing	Telephone	Vehicle	Workers' Compensation	Health Insurance
Cash flows from operating activities					
Cash received from interfund services	\$ -	\$ 46,835	\$ 8,057	\$ 115,758	\$ 1,799,550
Cash payments to suppliers for goods and services	(83,261)	34	-	-	-
Cash payments to employees for services	-	(29,867)	(17,034)	(80,499)	(2,036,705)
Net cash (used in) provided by operating activities	(83,261)	17,002	(8,977)	35,259	(237,155)
Cash flows from non-capital financing activities					
Transfers in	254,448	-	254,448	-	-
Cash flows from capital and related financing activities					
Purchase of capital assets	(24,883)	-	(73,361)	-	-
Cash flows from investing activities					
Maturity of investments	-	-	-	-	-
Interest earnings	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	146,304	17,002	172,110	35,259	(237,155)
Cash and cash equivalents, beginning of year	430,401	56,524	443,212	297,645	377,932
Cash and cash equivalents, end of year	<u>\$ 576,705</u>	<u>\$ 73,526</u>	<u>\$ 615,322</u>	<u>\$ 332,904</u>	<u>\$ 140,777</u>
Cash flows from operating activities					
Operating (loss) income	\$ (112,180)	\$ 16,968	\$ (100,593)	\$ 30,458	\$ (237,155)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation expense	13,881	-	91,616	-	-
(Increase) decrease in:					
Negative equity in cash and cash equivalents	-	-	-	-	-
Accounts payable	15,038	34	-	4,801	-
Accrued expenses	-	-	-	-	-
Net cash (used in) provided by operating activities	<u>\$ (83,261)</u>	<u>\$ 17,002</u>	<u>\$ (8,977)</u>	<u>\$ 35,259</u>	<u>\$ (237,155)</u>

Disability	Fringe Benefits	Life Insurance	Retirement	Dental and Optical	Unemployment	Total
\$ 71,788	\$ 80,225	\$ 19,908	\$ 1,143,217	\$ 3,690	\$ 19,212	\$ 3,308,240
-	-	-	-	37,175	-	(46,052)
(79,200)	(8,798)	(20,890)	(1,195,997)	-	(8,526)	(3,477,516)
(7,412)	71,427	(982)	(52,780)	40,865	10,686	(215,328)
-	-	-	-	-	-	508,896
-	-	-	-	-	-	(98,244)
-	1,120,172	-	-	-	-	1,120,172
-	92,149	-	-	-	-	92,149
-	1,212,321	-	-	-	-	1,212,321
(7,412)	1,283,748	(982)	(52,780)	40,865	10,686	1,407,645
31,768	390,859	982	229,028	(40,865)	11,131	2,228,617
<u>\$ 24,356</u>	<u>\$ 1,674,607</u>	<u>\$ -</u>	<u>\$ 176,248</u>	<u>\$ -</u>	<u>\$ 21,817</u>	<u>\$ 3,636,262</u>
\$ (7,777)	\$ 71,427	\$ (982)	\$ (52,780)	\$ 3,690	\$ 10,686	\$ (378,238)
-	-	-	-	-	-	105,497
-	-	-	-	37,175	-	37,175
-	-	-	-	-	-	19,873
365	-	-	-	-	-	365
<u>\$ (7,412)</u>	<u>\$ 71,427</u>	<u>\$ (982)</u>	<u>\$ (52,780)</u>	<u>\$ 40,865</u>	<u>\$ 10,686</u>	<u>\$ (215,328)</u>

BARRY COUNTY, MICHIGAN
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2007

	Trust and Agency	Library	Inmate Trust	Total
Assets				
Cash and cash equivalents	\$ 668,356	\$ 60,842	\$ 5,211	\$ 734,409
Due from other governments	11	-	-	11
Total assets	<u>\$ 668,367</u>	<u>\$ 60,842</u>	<u>\$ 5,211</u>	<u>\$ 734,420</u>
Liabilities				
Accounts payable	\$ 126,884	\$ -	\$ 5,211	\$ 132,095
Due to other governments	204,975	-	-	204,975
Undistributed receipts	336,508	60,842	-	397,350
Total liabilities	<u>\$ 668,367</u>	<u>\$ 60,842</u>	<u>\$ 5,211</u>	<u>\$ 734,420</u>

BARRY COUNTY, MICHIGAN
Combining Statement of Net Assets
Private Purpose Trust Funds
For the Year Ended December 31, 2007

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
Assets				
Cash and cash equivalents	\$ 13,985	\$ 7,438	\$ -	\$ 21,423
Accounts receivable	6,874	-	100	6,974
Total assets	20,859	7,438	100	28,397
Liabilities				
Negative equity in pooled cash and cash equivalents	-	-	100	100
Net assets				
Held in trust for private purposes	\$ 20,859	\$ 7,438	\$ -	\$ 28,297

BARRY COUNTY, MICHIGAN
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the Year Ended December 31, 2007

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
Additions				
Intergovernmental	\$ 47,271	\$ -	\$ 8,601	\$ 55,872
Deductions				
Services to beneficiaries	40,385	-	10,273	50,658
Change in net assets	6,886	-	(1,672)	5,214
Net assets, beginning of year	13,973	7,438	1,672	23,083
Net assets, end of year	\$ 20,859	\$ 7,438	\$ -	\$ 28,297

BARRY COUNTY, MICHIGAN
Combining Balance Sheet
Drainage Districts Component Unit
December 31, 2007

	<u>Debt Service</u>	<u>Capital Projects</u>		
	<u>Algonquin Lake Dam Project</u>	<u>Regular Drain</u>	<u>Revolving Drain Maintenance</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 103,821	\$ 9,641	\$ 113,462
Investments	-	55,492	572	56,064
Special assessments receivable	-	206,802	-	206,802
Due from other funds	102,682	-	-	102,682
	<u>102,682</u>	<u>-</u>	<u>-</u>	<u>102,682</u>
 Total assets	 <u>\$ 102,682</u>	 <u>\$ 366,115</u>	 <u>\$ 10,213</u>	 <u>\$ 479,010</u>
Liabilities and fund balances				
Liabilities				
Negative equity in pooled cash and cash equivalents	\$ 811	\$ -	\$ -	\$ 811
Due to other funds	-	102,682	-	102,682
Deferred revenue	-	99,081	-	99,081
	<u>-</u>	<u>99,081</u>	<u>-</u>	<u>99,081</u>
 Total liabilities	 811	 201,763	 -	 202,574
Fund balances				
Unreserved, undesignated	101,871	164,352	10,213	276,436
	<u>101,871</u>	<u>164,352</u>	<u>10,213</u>	<u>276,436</u>
Total liabilities and fund balances	<u>\$ 102,682</u>	<u>\$ 366,115</u>	<u>\$ 10,213</u>	<u>\$ 479,010</u>

BARRY COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
on the Statement of Net Assets
Drainage Districts Component Unit
December 31, 2007

Fund balances - total governmental funds	\$ 276,436
--	------------

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets being depreciated, net	1,285,739
--	-----------

Certain assets, such as special assessments receivable, are not due and payable in the current period and therefore are not reported in the funds.

Add: deferred special assessments receivable	99,081
--	--------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and loans payable	(307,883)
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Subtract: accrued interest payable	<u>(7,501)</u>
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Net assets	<u><u>\$ 1,345,872</u></u>
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BARRY COUNTY, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Drainage Districts Component Unit
For the Year Ended December 31, 2007

	<u>Debt Service</u>	<u>Capital Projects</u>		
	<u>Algonquin Lake Dam Project</u>	<u>Regular Drain</u>	<u>Revolving Drain Maintenance</u>	<u>Total</u>
Revenue				
Interest	\$ 23	\$ 4,819	\$ 316	\$ 5,158
Special assessments	-	173,884	-	173,884
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	23	178,703	316	179,042
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
Public works	1,250	314,532	-	315,782
Debt service:				
Principal	-	34,883	-	34,883
Interest	-	2,232	-	2,232
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,250	351,647	-	352,897
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(1,227)	(172,944)	316	(173,855)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Issuance of long-term debt	-	300,550	-	300,550
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	300,550	-	300,550
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(1,227)	127,606	316	126,695
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	103,098	36,746	9,897	149,741
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 101,871</u>	<u>\$ 164,352</u>	<u>\$ 10,213</u>	<u>\$ 276,436</u>

BARRY COUNTY, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
on the Statement of Activities
Drainage District Component Unit
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$ 126,695
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Amounts reported for *governmental activities* in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	15,600
Subtract: depreciation expense	(36,086)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	34,883
Subtract: issuance of long-term debt	(300,550)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in deferred special assessments receivable	99,081
--	--------

Some expenses recorded in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Subtract: change in accrued interest payable	(7,210)
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Change in net assets	\$ <u>(67,587)</u>
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BARRY COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
Board of Public Works Component Unit
December 31, 2007

Debt Service

	Fawn Lake Sewer Debt	Southwest Barry/Fair Lake Sewer	1994 Middleville Sewer	1999 Middleville Sewer	2004 Southwest Barry County Sewer
Assets					
Cash and cash equivalents	\$ 962	\$ 468	\$ 50	\$ 92	\$ 8,439
Investments	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Leases receivable	469,861	650,065	-	758,643	2,461,863
Due from other governments	-	-	-	-	-
Total assets	\$ 470,823	\$ 650,533	\$ 50	\$ 758,735	\$ 2,470,302
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	469,861	650,065	-	758,643	2,461,863
Total liabilities	469,861	650,065	-	758,643	2,461,863
Fund balances					
Unreserved, undesignated	962	468	50	92	8,439
Total liabilities and fund balances	\$ 470,823	\$ 650,533	\$ 50	\$ 758,735	\$ 2,470,302

Debt Service					Capital Projects	
2003 Middleville Sewer	Yankee Springs Debt	Yankee Springs Arsenic Debt	Middleville Sewer Debt 2006A	Middleville Sewer Debt 2006B	2006 Middleville Water System	Fawn Lake Sewer Construction
\$ 3,191	\$ 628	\$ 3,533	\$ 1,361	\$ 502	\$ 4,743	\$ 36,421
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,352,358	571,833	452,705	1,045,498	196,036	-	-
-	-	-	-	-	-	-
<u>\$ 1,355,549</u>	<u>\$ 572,461</u>	<u>\$ 456,238</u>	<u>\$ 1,046,859</u>	<u>\$ 196,538</u>	<u>\$ 4,743</u>	<u>\$ 36,421</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,352,358	571,833	452,705	1,045,498	196,036	-	-
1,352,358	571,833	452,705	1,045,498	196,036	-	-
3,191	628	3,533	1,361	502	4,743	36,421
<u>\$ 1,355,549</u>	<u>\$ 572,461</u>	<u>\$ 456,238</u>	<u>\$ 1,046,859</u>	<u>\$ 196,538</u>	<u>\$ 4,743</u>	<u>\$ 36,421</u>

continued...

BARRY COUNTY, MICHIGAN
Balance Sheet - Governmental Funds (Concluded)
Board of Public Works Component Unit
December 31, 2007

	Capital Projects				
	Yankee Springs Water Tower	1999 Middleville Construction	Gun Lake Weed Assessment	Yankee Springs Arsenic Construction	Total
Assets					
Cash and cash equivalents	\$ 1,525	\$ -	\$ 71,692	\$ -	\$ 133,607
Investments	-	-	146,054	-	146,054
Special assessments receivable	-	-	109,913	-	109,913
Leases receivable	-	-	-	-	7,958,862
Due from other governments	-	-	-	19,500	19,500
Total assets	\$ 1,525	\$ -	\$ 327,659	\$ 19,500	\$ 8,367,936
Liabilities and fund balances					
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 11,272	\$ 11,272
Deferred revenue	-	-	-	-	7,958,862
Total liabilities	-	-	-	11,272	7,970,134
Fund balances					
Unreserved, undesignated	1,525	-	327,659	8,228	397,802
Total liabilities and fund balances	\$ 1,525	\$ -	\$ 327,659	\$ 19,500	\$ 8,367,936

BARRY COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
on the Statement of Net Assets
Board of Public Works Component Unit
December 31, 2007

Fund balances - total governmental funds	\$ 397,802
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the funds

Add: deferred leases receivable	7,958,862
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and loans payable	(7,908,281)
Subtract: accrued interest payable	<u>(50,581)</u>

Net assets	<u><u>\$ 397,802</u></u>
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BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances - Governmental Funds
Board of Public Works Component Unit
For the Year Ended December 31, 2007

	Debt Service				
	Fawn Lake Sewer Debt	Southwest Barry/Fair Lake Sewer	1994 Middleville Sewer	1999 Middleville Sewer	2004 Southwest Barry County Sewer
Revenue					
Intergovernmental - local	\$ 17,823	\$ 91,725	\$ -	\$ 86,650	\$ 829,988
Interest	65	419	-	223	3,933
Special assessments	-	-	-	-	-
Total revenue	17,888	92,144	-	86,873	833,921
Expenditures					
Current:					
Public works	621	-	-	-	-
Debt service:					
Principal	-	60,000	-	50,000	750,000
Interest	17,824	32,025	-	36,950	79,988
Total expenditures	18,445	92,025	-	86,950	829,988
Revenue over (under) expenditures	(557)	119	-	(77)	3,933
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Net changes in fund balances	(557)	119	-	(77)	3,933
Fund balances, beginning of year	1,519	349	50	169	4,506
Fund balances, end of year	\$ 962	\$ 468	\$ 50	\$ 92	\$ 8,439

Debt Service					Capital Projects	
2003 Middleville Sewer	Yankee Springs Debt	Yankee Springs Arsenic Debt	Middleville Sewer Debt 2006A	Middleville Sewer Debt 2006B	2006 Middleville Water System	Fawn Lake Sewer Construction
\$ 223,083 991 -	\$ 39,930 131 -	\$ 4,996 17 -	\$ 16,300 34 -	\$ 14,356 34 -	\$ - 665 -	\$ - 8,716 -
224,074	40,061	5,013	16,334	14,390	665	8,716
250	-	-	-	-	452,774	348,611
175,000 48,083	25,000 14,832	- 1,480	- 14,973	10,000 3,888	- -	- -
223,333	39,832	1,480	14,973	13,888	452,774	348,611
741	229	3,533	1,361	502	(452,109)	(339,895)
-	-	-	-	-	432,474	-
741	229	3,533	1,361	502	(19,635)	(339,895)
2,450	399	-	-	-	24,378	376,316
\$ 3,191	\$ 628	\$ 3,533	\$ 1,361	\$ 502	\$ 4,743	\$ 36,421

continued...

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances - Governmental Funds (Concluded)
Board of Public Works Component Unit
For the Year Ended December 31, 2007

	Capital Projects				
	Yankee Springs Water Tower	1999 Middleville Construction	Gun Lake Weed Assessment	Yankee Springs Arsenic Construction	Total
Revenue					
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 19,500	\$ 1,344,351
Interest	-	5,404	6,054	2,402	29,088
Special assessments	-	-	274,204	-	274,204
Total revenue	-	5,404	280,258	21,902	1,647,643
Expenditures					
Current:					
Public works	-	206,618	94,358	463,674	1,566,906
Debt service:					
Principal	-	-	-	-	1,070,000
Interest	-	-	-	-	250,043
Total expenditures	-	206,618	94,358	463,674	2,886,949
Revenue over (under) expenditures	-	(201,214)	185,900	(441,772)	(1,239,306)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	450,000	882,474
Net changes in fund balances	-	(201,214)	185,900	8,228	(356,832)
Fund balances, beginning of year	1,525	201,214	141,759	-	754,634
Fund balances, end of year	\$ 1,525	\$ -	\$ 327,659	\$ 8,228	\$ 397,802

BARRY COUNTY, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
on the Statement of Activities
Board of Public Works Component Unit
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$ (356,832)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	1,070,000
Subtract: issuance of long-term debt	(882,474)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Subtract: change in deferred leases receivable	(187,526)
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Change in net assets	<u><u>\$ (356,832)</u></u>
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BARRY COUNTY, MICHIGAN
Balance Sheet
Economic Development Board Component Unit
December 31, 2007

Assets

Cash and cash equivalents	\$ 29,708
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Liabilities and fund balances

Liabilities

Accounts payable	\$ 29,708
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Fund balances

Unreserved, undesignated	-
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Total liabilities and fund balances	\$ 29,708
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BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances
Economic Development Board Component Unit
For the Year Ended December 31, 2007

Revenue

Intergovernmental	<u>\$ 85,834</u>
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Expenditures

Current:

Community and economic development	<u>90,000</u>
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Net changes in fund balances	(4,166)
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Fund balances, beginning of year	<u>4,166</u>
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Fund balances, end of year	<u><u>\$ -</u></u>
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BARRY COUNTY, MICHIGAN
Balance Sheet
Airport Commission Component Unit
December 31, 2007

Assets

Inventories	\$ 14,464
Prepaid items	<u>660</u>
Total assets	<u><u>\$ 15,124</u></u>

Liabilities and fund balances

Liabilities

Negative equity in cash and cash equivalents	\$ 15,096
Accounts payable	<u>28</u>
Total liabilities	<u>15,124</u>

Fund balances

Reserved for inventories	14,464
Reserved for prepaid items	660
Unreserved, undesignated (deficit)	<u>(15,124)</u>

Total fund balances	<u>-</u>
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Total liabilities and fund balances	<u><u>\$ 15,124</u></u>
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BARRY COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
on the Statement of Net Assets
Airport Commission Component Unit
December 31, 2007

Fund balances - total governmental fund	\$ -
Amounts reported for <i>governmental activities</i> in the statement of net assets are different	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets being depreciated, net	600,779
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: loan payable	(45,457)
Subtract: accrued interest payable	(694)
	<hr/>
Net assets	<u><u>\$ 554,628</u></u>

BARRY COUNTY, MICHIGAN
Statement of Revenue, Expenditures and Changes in
Funds Balances
Airport Commission Component Unit
For the Year Ended December 31, 2007

Revenue

Intergovernmental	\$ 44,291
Charges for services	<u>124,279</u>
Total revenue	<u>168,570</u>

Expenditures

Current:	
Public works	176,550
Debt service:	
Principal	10,142
Interest	<u>2,558</u>
Total expenditures	<u>189,250</u>

Net changes in fund balances	(20,680)
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Fund balances, beginning of year	<u>20,680</u>
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Fund balances, end of year	<u><u>\$ -</u></u>
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BARRY COUNTY, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
on the Statement of Activities
Airport Commission Component Unit
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$ (20,680)
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Amounts reported for *governmental activities* in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Subtract: depreciation expense	(122,578)
--------------------------------	-----------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term debt	10,142
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: change in accrued interest payable	<div style="border-top: 1px solid black; display: inline-block;">265</div>
---	--

Change in net assets	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ (132,851)</div>
----------------------	--

COUNTY OF BARRY, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

For the Year Ended December 31, 2007



REHMANN ROBSON

Certified Public Accountants

**BARRY COUNTY, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE**

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For the Year Ended December 31, 2007**

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BARRY COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging:			
Food Donation	10.550	07BCCOA1	\$ 38,711
Food Donation	10.550	08BCCOA1	<u>11,763</u>
Total U.S. Department of Agriculture			<u>50,474</u>
U.S. Department of Housing and Urban Development			
Passed-through Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2007-0769-HOA	225,553
U.S. Department of Justice			
Passed-through the State Department of Community Health and the State Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program:			
05/06 Adult Felony Drug Court	16.738	SCAO-06-042	12,769
06/07 Adult Felony Drug Court	16.738	SCAO-07-042	34,852
07/08 Adult Felony Drug Court	16.738	SCAO-08-042	7,614
05/06 Juvenile Drug Court	16.738	SCAO-06-047	15,558
06/07 Juvenile Drug Court	16.738	SCAO-07-051	33,133
2007 Southwest Enforcement Team	16.738	70888-8-07-B	<u>18,001</u>
Total U.S. Department of Justice			<u>121,927</u>
U.S. Department of Transportation			
Passed-through the Michigan State Police:			
State and Community Highway Safety	20.600	PT-07-15	10,339
State and Community Highway Safety	20.600	PT-08-13	<u>1,202</u>
Total U.S. Department of Transportation			<u>11,541</u>
U.S. Environmental Protection Agency			
Passed-through the Michigan Department of Environmental Quality:			
Drinking Water State Revolving Funds	66.468	-n/a-	<u>346,724</u>
U.S. Department of Health and Human Services			
Passed-through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging:			
Title III-B Special Programs for the Aging, Grants for Supportive Services and Senior Centers:			
06/07	93.044	07BCCOA1	1,660
07/08	93.044	08BCCOA1	<u>1,820</u>

continued...

BARRY COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)			
Passed-through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging (continued):			
Title III-C Special Programs for the Aging, Nutrition Services:			
FY 06/07 Nutrition Congregate	93.045	07BCC0A1	\$ 47,868
FY 07/08 Nutrition Congregate	93.045	08BCC0A1	5,639
FY 06/07 Nutrition Home Delivered Meals	93.045	07BCC0A1	29,708
FY 07/08 Nutrition Home Delivered Meals	93.045	08BCC0A1	1,089
FY 06/07 Title IIIIE/National Family Caregiver Support Program	93.052	SFSC-04-07001-5	111
FY 07/08 Title IIIIE/National Family Caregiver Support Program	93.052	SFSC-04-08001-5	4,220
Passed-through the Michigan Department of Human Services:			
Incentive Payments	93.563	-n/a-	111,636
Child Support Enforcement:			
Friend of the Court			
10/01/2006-09/30/2007	93.563	CS/FOC-07-08001	373,656
10/01/2007-09/30/2008	93.563	CS/FOC-08-08001	122,994
Prosecuting Attorney			
10/01/2006-09/30/2007	93.563	CS/PA-07-08002	19,548
10/01/2007-09/30/2008	93.563	CS/PA-08-08002	7,246
Temporary Assistance for Needy Families	93.558	WRAP-04-08001	46,177
Promoting Safe and Stable Families	93.556	WRAP-04-08001	17,507
Passed-through the Bureau of Substance Abuse Services and Region 9 Substance Coordinating Agency:			
06/07 Substance Abuse Prevention and Treatment	93.959	-n/a-	232,765
07/08 Substance Abuse Prevention and Treatment	93.959	-n/a-	50,138
Total U.S. Department of Health and Human Services			1,073,782
U.S. Department of Homeland Security			
Passed-through the Michigan State Police:			
Homeland Security Grant Program:			
FY 2007 SHSGP	97.067	-n/a-	33,587
FY 2007 EMPG	97.067	-n/a-	16,621
FY 2008 EMPG	97.067	-n/a-	6,211
Passed-through Michigan Department of Human Resources:			
Boating Safety Financial Assistance	97.012	-n/a-	61,481
Total U.S. Department of Homeland Security			117,900
Total Expenditures of Federal Awards			\$ 1,947,901

BARRY COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Barry County, Michigan (the "County"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the County's financial statements.

Amounts presented on the Schedule of Expenditures of Federal Awards agree with or reconcile to amounts presented in the financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 27, 2008

To the Board of Commissioners
of Barry County, Michigan
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Barry, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statement of the Barry County Road Commission discretely presented component unit, the Barry County Medical Care Facility (Thornapple Manor) enterprise fund, the Barry County Transit enterprise fund, or the Barry County Substance Abuse Services special revenue fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements insofar as it related to the amounts included for the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), the Barry County Transit, and Barry County Substance Abuse Services was based solely on the reports of other auditors. The financial statements of the Barry County Medical Care Facility (Thornapple Manor) were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Barry's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Barry's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Barry's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, and 2007-3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our considering of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 2007-3 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barry County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Barry County, Michigan in a separate letter dated June 27, 2008.

Barry County, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Barry County, Michigan's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

June 27, 2008

To the Board of Commissioners
of Barry County, Michigan
Hastings, Michigan

Compliance

We have audited the compliance of the *County of Barry, Michigan* with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County of Barry, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Barry, Michigan's management. Our responsibility is to express an opinion on the County of Barry, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*,¹² issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Barry, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Barry, Michigan's compliance with those requirements.

In our opinion, the County of Barry, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the County of Barry, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Barry, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Barry Michigan's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Barry, Michigan***, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated June 27, 2008. We did not audit the financial statement of the Barry County Road Commission discretely presented component unit, the Barry County Medical Care Facility (Thornapple Manor) enterprise fund, the Barry County Transit enterprise fund, or the Barry County Substance Abuse Services special revenue fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements insofar as it related to the amounts included for the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), the Barry County Transit, and Barry County Substance Abuse Services was based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Barry County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



BARRY COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified
not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? yes X no

BARRY COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Funds
93.563	Title IV-D

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2007-1 – Internal Controls Over Jury Fee Disbursements

Criteria:	Management is responsible for establishing and maintaining effective internal controls in order to safeguard the assets of the County.
Condition:	Misappropriation of jury fee funds in amounts significant to the financial statements occurred and was not initially detected by the County's internal control procedures on a timely basis.
Cause:	The condition appears to have been caused by collusion of employees in the Clerk's office. In addition, the County's procedure of budgeting for expenditures far in excess of expected amounts prevented management from initially detecting these errors as a part of its budget to actual comparisons.
Effect:	As a result of this condition, County funds were misappropriated in amounts significant to the financial statements.
Recommendation:	We recommend that the County carefully evaluate its internal control procedures over these and other disbursements, to reduce the likelihood of similar problems in the future. We understand that the County has already begun this evaluation, and will be receiving more specific recommendations for control enhancements in the near future.
View of Responsible Officials:	Management has implemented a new internal control procedure over cash disbursement for jury fee funds whereby jurors are being paid by checks. Management is currently evaluating the internal control procedures over cash handling and disbursement and will be recommending policies to the departments and Board of Commissioners for implementation.

BARRY COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2007-2 – Segregation of Incompatible Duties

Criteria:	Management is responsible for establishing and maintaining effective internal controls in order to safeguard the assets of the County. A key element of internal control is the segregation of incompatible duties within the accounting function.
Condition:	The County has several transaction cycles that are performed by the same individual or are not subject to independent review and approval, including: (1) physically receiving cash, recording cash receipts, balancing the cash drawers, and reconciling accounts receivable, (2) reconciling bank statements and processing cash receipts and disbursements, (3) initiating, evaluating, and approving investment transactions and maintaining/reconciling the general ledger for such accounts, (4) processing/approving the final payroll register prior to the release of checks, and (5) initiating and approving non-routine transactions, such as general journal entries.
Cause:	This condition is the result of staffing constraints typical of smaller governmental units.
Effect:	As a result of this condition, the County is exposed to increased risk that misstatement or misappropriations may occur and not be detected by management on a timely basis.
Recommendation:	While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.
View of Responsible Officials:	Management will evaluate the internal controls for each of these areas including contracting with an outside accountant to perform various functions to provide greater independent review.

BARRY COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2007-3 – Material Audit Adjustments

Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition:	During our audit, we identified and proposed several material adjustments, which were approved and posted by management, to adjust the County's general ledger to the appropriate balances. These adjustments included recording current taxes receivable in the general fund, recording interest and administration fees receivable on delinquent taxes, recording proceeds from the issuance of long-term debt, correcting beginning equity, and reversing entries accruing interest payable in the governmental funds. In addition, we posted government-wide entries to correct the omission of an installment purchase agreement and the related capital asset from 2006.
Cause:	This condition was caused by isolated failures in the operation of the County's internal controls over financial reporting.
Effect:	As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.
Recommendation:	We recommend that the County carefully review its year end account balances and seek to make all necessary adjustments before the annual audit.
View of Responsible Officials:	The County's outside accountant will continuously monitor the general ledger for any known entries that need to be made at year end.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2006-1 Prior Period Adjustments

This finding was corrected in the current year.

2006-2 Budget Overages

Corrective action was not sufficient. The County had several budget overages as disclosed in the footnotes to the financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

June 27, 2008

To the Board of Commissioners
of the County of Barry, Michigan
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Barry, Michigan** (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated February 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the ***U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*** applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on November 7, 2007.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we proposed, and management posted, certain material audit adjustments as described in the schedule of findings and questioned costs in the County's single audit report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the County of Barry, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, reading "Lehmann Johnson". The signature is written in black ink and is positioned below the closing phrase "Very truly yours,".

Barry County

Comments and Recommendations

For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of the County of Barry, Michigan as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

Other Matters

Physical Inventory of Capital Assets

The County does not currently have a procedure for performing a periodic physical inventory of capital assets and an appropriate reconciliation to the records. We recommend that this inventory take place at least every third year and that the capital asset records be adjusted as appropriate to reflect the appropriate assets on hand.

Barry County

Comments and Recommendations

For the Year Ended December 31, 2007

Charging of Personnel Costs to Federal Grants

During our testing of the Title IV-D Cooperative Reimbursement Program as part of the single audit, we noted one instance where an employee's time was charged to the grant based on 80% of actual costs incurred. The actual costs charged were less than actual costs incurred, therefore a single audit finding is not considered necessary. However, we recommend that the County charge personnel costs to a given federal grant based on actual costs incurred, to the extent that funding is available.

* * * * *

Barry County
Schedule of Adjustments Passed (SOAP)
For the December 31, 2007 Audit

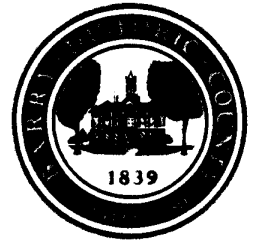
In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

		Effect of Passed Adjustment - Over(Under)Statement				
		Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
General fund						
Effect of holding checks at year-end until sufficient funds were available.		\$ (43,700)	\$ (43,700)	\$ -	\$ -	\$ -
Nonmajor governmental funds						
Unposted adjustment to child care receivables		(22,561)	-	-	(22,561)	-
Effect of holding checks at year-end until sufficient funds were available.		(52,885)	(52,885)	-	-	-
Internal service funds						
Effect of not posting an accrual for incurred-but-not-reported health insurance claims in the prior or current years.		-	(85,594)	129,910	-	44,316
Total governmental activities		\$ (119,146)	\$ (182,179)	\$ 129,910	\$ (22,561)	\$ 44,316
Enterprise funds						
Variance between 2004 delinquent tax roll and subsidiary detail.		(3,613)	-	-	(3,613)	-
Variance between 2005 delinquent tax roll and subsidiary detail.		(3,970)	-	-	(3,970)	-
Total business-type activities		\$ (7,583)	\$ -	\$ -	\$ (7,583)	\$ -

BARRY COUNTY

Michael C. Brown
County Administrator

220 W. State St., Hastings, MI 49058
Ph. (269) 945-1284 Fax (269) 948-4884



June 27, 2008

Rehmann Robson
2330 East Paris Ave. SE
Grand Rapids, MI 49546

We are providing this letter in connection with your audit of the financial statements of **Barry County, Michigan** as of December 31, 2007 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County, Michigan and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of June 27, 2008, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, you have proposed adjusting journal entries that have been posted. We are in agreement with those adjustments.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. Except as made known to you, we have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. Except as made known to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you have reported to us.
10. We have a process to track the status of audit findings and recommendations.
11. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
12. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
13. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
14. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and affiliated governmental units that are not included in the financial statements as part of the reporting entity.
 - b. Guarantees, whether written or oral, under which the County is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.


15. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
16. There are no—
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
17. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
18. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
19. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
20. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
21. The financial statements properly classify all funds and activities.
22. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
23. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

24. Provisions for uncollectible receivables have been properly identified and recorded.
25. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
26. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. Special and extraordinary items are appropriately classified and reported.
29. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
30. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
31. Required supplementary information (RSI) is measured and presented within prescribed guidelines.
32. With respect to federal award programs:
 - a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
 - b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

- d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies (including material weaknesses) reported in the schedule of findings and questioned costs.
- e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
- f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- h. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- i. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l. We have charged costs to federal awards in accordance with applicable cost principles.
- m. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- n. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- o. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

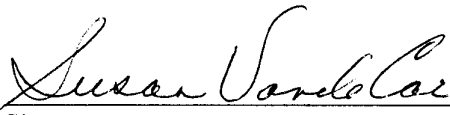
No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



Signature

County Administrator

Title



Signature

County Treasurer

Title